



# DAILY REPORT

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*China*

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PRC'S QIAN QICHEN ON PEACE, DISARMAMENT

HK260912 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 11, 17 Mar 86 pp 6, 7

[Article by Yang Chaoling and Feng Lidong: "Peace, Disarmament, and Opposition to Hegemonism -- Qian Qichen, Vice Foreign Minister, Talks to LIAOWANG OVERSEAS EDITION Reporters"]

[Text] The Chinese people's gathering to uphold world peace will be held in Beijing on 21 March. Chinese party and government leaders will be present and deliver important speeches on the occasion. The event will bring about a climax in China's peace year activities. On the eve of the gathering, we had an interview with Qian Qichen, vice foreign minister and vice chairman of China's organizing committee for the International Year of Peace who spoke on peace, disarmament, and opposition to hegemonism. The following is what he said during the interview.

**Peace Must Be Striven for by Making Joint Efforts**

Last year, on 24 October, at the meeting marking the 40th UN founding anniversary, the Declaration on the International Year of Peace was solemnly passed and 1986 was designated International Peace Year. This is very meaningful. This is the first time since its founding in 1945 that the United Nations has organized such an activity. Although there has never been an end to unrest over the past 40 years, there has been no world war either. People have enjoyed 40 years of peace. In the face of changes on the international scene, people ask: Will peace continue to be upheld at the end of this century, in the next 40 years, and in the next century? The UN proposal for organizing an international peace year at this point indeed reflects the common aspiration of the world's peoples.

The International Peace Year is not an exclusively non-governmental activity. The United Nations also encourages active participation on the part of its member governments. The scale and influence of this activity will be greater than those of the activities organized by the United Nations in past years, such as the international Youth Year, the International Disabled People's Year, the World Forest year, and so on.

The Chinese Government attaches great importance to this activity. It has formed an organizing committee for the International Peace Year. The committee has more than 40 members. They are either responsible persons of government departments and mass organizations or celebrities from various circles. They will organize various forms of large-scale activities. It is our belief that through these activities, we will be able to mobilize the world's peoples into vigorous action and enable them to strengthen unity, to make joint efforts, and, by all means, to call on the superpowers to stop escalating the arms race and their expansion and interference in other countries' internal affairs. Only by doing this can world peace be upheld.

**The United Nations Should Play an Even More Important Role**

The founding of the United Nations was a reflection of the world peoples' common desire for prolonged peace in the postwar years. The purpose of the "UN Charter" is to uphold international peace and security, to stop aggression, to develop friendly relations, and to promote international cooperation. Thus, it contains the principles of equal sovereignty rights, noninterference in other countries' internal affairs, abstention from the use of force to threaten or invade other countries' territories or to violate their independence, and the settlement of international disputes by peaceful means. In spite of its past mistakes and its present weaknesses and shortcomings, it is today's most representative, most influential, and largest international organization.

It is also an international arena where the Third World wages its diplomatic struggle and expresses its views. Thus, it plays a irreplaceable role in reflecting public opinion, the will of the world's peoples, and social development trends. Some resolutions adopted by the United Nations in recent years, such as those on the Cambodian issue, the Afghan issue, the Middle East issue, the South African issue, and the Central American issue, can rather adequately reflect the will of the peoples of various countries and they are fair and reasonable. Thus, the superpowers have raised objections to them. In upholding world peace, China hopes that the United Nations, which has 159 members, will play an increasingly important role.

#### Prevent Nuclear Wars and Bring About Nuclear Disarmament

Today, everybody discusses peace. How can peace be upheld? Looking around, one finds that at present, only the two superpowers, which have vast quantities of nuclear arms at their disposal, have the ability to start and fight nuclear wars. This is neither subjective conjecture nor deliberate exaggeration. This is an objective, universally acknowledged fact. With their nuclear arms, they can destroy the world more than once. Even if they reduce their stocks of nuclear arms by half, they still have the ability to destroy the world and mankind. Even the Soviet Union and the United States admit this. It is written in the joint communique issued at the U.S.-Soviet Geneva summit that: "Both sides realize that any conflicts between the Soviet Union and the United States can produce disastrous consequences."

Thus, in October of 1964, when we tested our first A-bomb, we told the world that we advocated the total destruction of all nuclear arms and that we undertook not to use nuclear arms first whatever the time or circumstance. We have always suggested that the United States and the Soviet Union should first stop testing, producing, and updating their nuclear arms and then significantly reduce their stocks of nuclear arms in order to create conditions for a broadly represented international conference attended by all nuclear powers.

This year, on 15 January, the Soviet leader Gorbachev proposed the destruction of all nuclear arms in 15 years in three stages. In his reply letter dated 24 February, President Reagan proposed the removal of all medium-range guided missiles in 3 years. It seems that both sides agree on reducing nuclear arms and claims the destruction of all nuclear arms as their ultimate goal. Of course, this is something positive. However, by analyzing their claims and proposals carefully, one will discover great differences between them. For example, the conditions they proposed differ and their views also differ on how nuclear arms should be counted and on the areas and regions involved. We welcome serious talks between the United States and the Soviet Union and hope that they can reach an agreement on major reductions in their nuclear arms because, by doing this, they can uphold world peace without infringing on the interests of other countries.

#### Support the Struggle by Third World Countries and Their People

Very often, Third World countries are directly invaded by foreign countries. Sometimes, they are victims of power politics and the superpowers contend for supremacy on their soil and at their expense. We oppose imperialism, colonialism, and racism and support the Third World countries' just fight for national liberation and independence. We should be able to see that superpower intervention and interference in others' internal affairs has made many countries suffering from conflicts, unrest, and economic difficulties. The "hot spots" in some parts of the world constitute a serious threat to peace and stability. Thus, in order to uphold world peace, it is necessary to oppose hegemonism and power politics. No one in this world supports hegemonism and power politics, whoever their pursuers may be.



In upholding peace, the peace movements initiated by the world's peoples constitute a force which must be given serious attention. Although these movements indicate different positions and tendencies, they generally reflect people's fundamental desires for peace. "Small streams converge to form mighty torrents." The peace organizations formed by the world's peoples can contribute to upholding world peace. We hope that these peace organizations will contribute to upholding world peace by making joint efforts.

#### China Is a Peace-Upholding Force

The Chinese people love peace and China needs it most urgently. At present, the whole country is completely preoccupied with the magnificent cause of socialist modernization. Prolonged international peace is an indispensable condition for its success.

In order to defend itself, China has conducted a limited number of nuclear tests. However, it announced before all others that it would not be the first to use nuclear arms and it has promised not to use nuclear arms against non-nuclear countries and regions. We advocate the total destruction of all nuclear arms. Our proposals are winning support from more and more countries and peoples.

China advocates disarmament and has taken a concrete step toward this goal. We have reduced the size of our Army by 1 million officers and men. Many enterprises in China's ordnance industry have switched to the production of civilian products and it has opened many of its military airfields and ports to civilian aircraft and civilian vessels. In addition, its Army is vigorously training people to do both army and civilian work. All this is China's concrete contribution to world peace.

All things China has done to uphold world peace are not intended to be interim measures. They are based on the fundamental interests of the Chinese people and other peoples in the world and are aimed at China's socialist modernization and world peace and stability. China, whose population is about one-quarter of the world's total population, is a factor for peace and a peace-upholding force. Growth in China's strength implies the growth of a factor for peace. This can only be favorable for peace. The more vigorous China's development is, the stronger the peace-upholding forces will be. In 1974, on behalf of China, Comrade Deng Xiaoping announced at the United Nations that China would never seek hegemony nor become a superpower. This still remains China's national policy.

#### PRC TV COMMENTARY ON U.S.-LIBYAN CONFLICT

HK271523 Beijing Domestic Television Service in Mandarin 1100 GMT 26 Mar 86

[Announcer-read "station commentary" from the "News Hookup" program]

[Text] Over the past few months, the United States has assembled in the waters near Libya a massive naval force which is comprised of 3 aircraft carriers, more than 40 other vessels, and more than 200 planes. This year this naval force has conducted five military maneuvers in succession. This kind of unusual assembling of military forces and this kind of maneuvers for putting on a show of force caused a serious escalation of the tense situation in this region and finally brought about a U.S.-Libyan armed clash. It is common knowledge that in the field of international relations, it is very dangerous to make a show of force for a specific purpose. The traumas left over by a series of local wars since the close of the Second World War are still fresh in the memory of the people. Any kind of new military clash will bring unstable factors to this turbulent world. We hope that the two parties in the clash will break away from military contacts as quickly as possible so as to eliminate the shadow caused by this incident on the year of world peace.

PRC JOURNAL ON SOVIET MILITARY AID TO VIETNAM

HK270940 Beijing SHIJIE ZHISHI in Chinese No 5, 1 Mar 86 p 13

["International Jottings" by Yang Xuechun "A Look at Le Duan's Visit to Moscow"]

[Text] In January, Le Duan went to Moscow again, when it was extremely cold.

Since Vietnam invaded Cambodia in 1978, it has been a common occurrence for Le Duan and other influential Vietnamese figures to appear in Moscow. They visit Moscow under all sorts of pretexts, such as "going on vacation" attending a "big family meeting," or paying condolences. It was reported that Le Duan's last visit was for "medical treatment." Although their pretexts are different, they have one point in common: They go there empty-handed and return fully loaded. Just consider, which of the weapons they use to slaughter the Cambodian people, including tanks, artillery, and toxic chemicals, is not Soviet made?

With regard to its invasion of Cambodia, the Le Duan clique has found not everything has turned out as it wished. Seven years ago, it thought that it could gobble up Cambodia in one gulp. However, it has found it increasingly difficult to cope with the situation in the war and to realize its aim. Now it is launching the eighth dry-season offensive. The Le Duan clique has claimed that it will concentrate its forces for large-scale devastating attacks from the Cambodian-Thai border and in the Cambodian interior. To launch such large-scale attacks, there must be a constant supply of weapons, equipment, and fuel, and military expenditure must be increased. At this critical moment, as Le Duan has been to Moscow for medical treatment, he will surely take this opportunity to bring something back.

In fact, the Le Duan clique has not been in economic difficulties for just a day or two. Acting as the "world's third military power" in an attempt to dominate Southeast Asia, it now maintains an overloaded military apparatus and has dispatched 200,000 troops to invade its neighbors. As a result, its military expenditure accounts for over one-half of the country's financial expenditure. As construction is impossible and it wants to make itself look imposing in its "offensives," it cannot help but ask others for money. Vietnam is notorious for its unwillingness to repay its debts. Since 1983, some Western countries and international monetary organizations have stopped their aid and loans to Vietnam. Its economic difficulties have aggravated its political contradictions. As a result, the sixth Vietnamese party congress, which was originally scheduled for the end of 1985, has now been postponed until the end of 1986; and its parliamentary elections, which were originally arranged for 1986, have now been put off until 1987.

The most urgent problem for Vietnam is that of what Vietnam will rely on in its current dry-season offensive. The simplest thing to do is to ask big brother for help: Do you not support our invasion of Cambodia? Have we not let you use Cam Ranh Bay? You will have no objection to providing us with some weapons, money, and materials!

At the time, it was Soviet support that gave the Le Duan clique the courage to invade Cambodia. The hegemony over Southeast Asia Vietnam is seeking is part of the global hegemony the Soviet Union is attempting to establish. Therefore, the Soviet Union deems it inappropriate to turn down Vietnam's requests.

Indeed, what the Soviet Union has provided is by no means a small amount. Since Vietnam's invasion of Cambodia in 1978 alone, the Soviet Union has provided military aid ranging from \$1 billion to \$2 billion a year and economic aid totaling \$500 million. However, dispatched without just cause, the Vietnamese troops have fallen deep into the mire and drained both human and financial resources. Still, Vietnam refuses to turn back, making for itself a bottomless pit that can never be filled. It requests the Soviet Union to continue providing supplies, but the Soviet Union is in difficulty, rather than being stingy. As everyone is aware, the main targets of the Soviet 11th 5-Year Plan, and in particular the targets for increases in agricultural production, have not been fulfilled. In addition, as it has to contend for hegemony with the other superpower, it has no choice but to continue increasing its military expenditure. Hanoi wants more, but will the Soviet Union be able to provide as much as Hanoi wishes? Hence the contradictions.

It was reported that the Soviet Union has imposed harsher terms regarding the aid it provides for Vietnam. In particular, it has provided less noncompensatory economic aid. Soviet economic aid for Vietnam is now provided in the form of technology and equipment; Vietnam will repay it with the products it produces by means of the technology and equipment the Soviet Union has provided. With regard to military aid, the Soviet Union has sent more and more advisers to exercise supervision over the use of the weapons.

But the Le Duan clique is quite experienced in dealing with Soviet demands for the repayment of loans. For example, its total debt to the Soviet Union accounts for 70 percent of its foreign debts. It has refused to pay, and the Soviet Union has no way of making it pay. Vietnam is well aware of "how matters stand." So long as the Soviet Union persists in seeking global hegemony and refuses to remove "one of the three obstacles" to Sino-Soviet talks, Vietnam always has "reasons" to ask Moscow for money and goods!

Moscow may bring Le Duan back to health, but can it cure him of his "mental disease"?

U.S. ANNOUNCES END TO GULF OF SIDRA OPERATION

OW271948 Beijing XINHUA in English 1941 GMT 27 Mar 86

[Text] Washington, March 27 (XINHUA) -- The U.S. Defense Department announced today that U.S. naval operations in the Gulf of Sidra ended this morning, but the three aircraft carriers operating there will remain nearby in the central Mediterranean Sea for several days. The Pentagon said the three U.S. carriers were steaming north out of the Gulf of Sidra at 10 a.m. and all the ships there were ordered out of the Tripoli flight information region by 11:30 a.m. However, the Pentagon said the 30-ship task force with three carriers among them will remain in the Mediterranean north of Libya at least through the middle of next week.

The U.S. announced last Saturday that its navy forces would start exercises on Sunday in the Gulf of Sidra, an area Libya claims as its territory but the U.S. considers international waters. Early this week U.S. planes sank three Libyan patrol boats, damaged another and twice hit a Libyan missile site after Libya launched Soviet-made missiles at the U.S. planes but failed to hit the targets.

The military confrontation has drawn world concern. Libya has threatened to retaliate against the U.S. with "death squads." The Soviet Union has also condemned the U.S. for the action.

Meanwhile, U.S. President Ronald Reagan sent a message to the commander-in-chief of the U.S. 6th Fleet in the Mediterranean this morning to praise the servicemen for their "bravery and tireless response to Libyan threats."

PRC, U.S. COOPERATE IN AIRCRAFT PRODUCTION

OW271851 Beijing XINHUA in English 1844 GMT 27 Mar 86

[Text] Shanghai, March 27 (XINHUA) -- Everything is now ready for China and the United States to begin jointly building a MD-82 plane here on April 1, according to Shanghai aviation industry company today. The plane, the first covered by a Sino-U.S. agreement on joint production of such planes, should have been built in the autumn of 1987 at the Shanghai aircraft factory. [as received]

The agreement, which came into effect last April, permits the Shanghai company to produce MD-82 planes by 1991, with parts purchased from the McDonnell Douglas Company. All the planes will be sold to the Civil Aviation Administration of China.

China has sent 140 technicians in the past year to the United States for training. Another 800 have been trained in China with help of American experts.

CHINESE ART EXHIBITION OPENS IN NEW YORK

OW271130 Beijing XINHUA in English 1100 GMT 27 Mar 86

[Excerpts] New York, March 26 (XINHUA) -- An art exhibition from Shanghai University opened today at the City University of New York to a highly curious and enthusiastic audience.

Li Tianxiang, president of the College of Fine Arts at Shanghai University, told XINHUA that "the Chinese traditional art is not so familiar in the United States and some Americans underestimate the paintings by Chinese painters. This exhibition will contribute to a better U.S. understanding of Chinese artworks, artistry and artistical viewpoint."



PRC-JAPAN CULTURAL ASSOCIATION ANNIVERSARY MARKED

OW271603 Beijing XINHUA in English 1554 GMT 27 Mar 86

[Text] Tokyo, March 27 (XINHUA) -- The 30th anniversary of the founding of the Japan-China Cultural Exchange Association was commemorated here today with more than 400 representatives from all walks of life in Japan hoping for more frequent exchanges between the two countries. During a dinner held on the occasion, Yasush Inofe, president of the association, said that his organization would continue to make efforts for the cultural exchange to further strengthen the friendship between the two countries. Present at the dinner were Zhang Wenjin, president of the Chinese People's Association for Friendship With Foreign Countries, and Wu Zuoren, vice chairman of the China Federation of Literary and Art Circles. Chinese Ambassador Zhang Shu was also present.

PRC-JAPAN JOINT VENTURES INCREASE IN 1985

OW261843 Beijing XINHUA in English 1838 GMT 26 Mar 86

[Text] Tokyo, March 26 (XINHUA) -- Japan and China signed 81 new contracts for joint ventures in 1985. The new contracts bring to 138 the number of joint ventures between the two countries during the past six years, according to the 1985 survey of Japan-China trade released today by the Japan Association for the Promotion of International Trade. The Japan-China cooperatively-run enterprises are established under the 1979 PRC law on joint ventures using Chinese and foreign investment. Most of the signed contracts are long-term ones dealing mainly with manufacturing industries.

JAPIT TO PROMOTE CHINESE EXPORTS IN JAPAN

OW271854 Beijing XINHUA in English 1846 GMT 27 Mar 86

[Text] Tokyo, March 27 (XINHUA) -- The Japan Association for the Production of International Trade (JAPIT) decided yesterday to place special emphasis on promoting imports from and technology transfer to China. The decision is incorporated in JAPIT's policies and plans passed at the organization's thirty-third conference which began on March 25. JAPIT said that according to the principles established by Japanese and Chinese Governments, it will make efforts to strengthen friendly relations and economic cooperation between the two countries by balancing Sino-Japanese trade. JAPIT, with 800 Sino-Japanese trade members, also pledged financial cooperation with China and promised help in solving the key problems of transportation in Sino-Japanese trade.

NEW ZEALAND'S PRIME MINISTER CONTINUES VISIT

## Zhao at Lange's Return Banquet

OW271442 Beijing XINHUA in English 1430 GMT 27 Mar 86

[Text] Beijing, March 27 (XINHUA) -- New Zealand Prime Minister David Lange today described his talks with Chinese Premier Zhao Ziyang as "most useful", adding that they served to confirm that we share many common views. He said, "In particular we are both conscious of the continuing threats to world security posed by events in Kampuchea, in Afghanistan and the Middle East."

Lange made these remarks at a return banquet he gave here tonight. Among the guests at the banquet were Premier Zhao Ziyang and State Councillor and Foreign Minister Wu Xueqian.

Lange said, "We are both aware of the pivotal relationship between economic growth and global political stability, and we share a commitment to play a role within the global community to work for the joint objectives of peace and development."

"I hope we have been able to contribute something to further understanding between us," he said. He noted that New Zealand is ready to develop its trade and economic cooperation with some of China's provinces, cities and autonomous regions.

Zhao Ziyang said that Prime Minister Lange's current visit to China was a complete success. He said that both China and New Zealand are factors making for peace in the Asia-Pacific region and the world as a whole.

"Though with different systems," he said, "we both adhere to the five principles of peaceful coexistence and take economic development and higher living standards for our respective peoples as our primary task." The Chinese Government attaches importance to further developing Sino-New Zealand relations, he said. He also expressed the belief that through joint efforts bilateral relations will surely reach a new height.

This morning, Lange, accompanied by Minister of Textile Industry Wu Wenying, laid a wreath before the Monument to the People's Heroes at Tiananmen Square.

## Lange: Deng 'Well and Forceful'

HK280338 Hong Kong AFP in English 0326 GMT 28 Mar 86

[Text] Beijing, March 28 (AFP) -- Top Chinese leader Deng Xiaoping and New Zealand Prime Minister David Lange chatted about smoking and health here Friday, with Mr. Deng saying there were good as well as bad points to the habit. "There is a Chinese scholar who recently published a special article on smoking," said Mr. Deng, 81, as he lit up one of his "Panda" brand cigarettes. "He said there are some bad points to smoking but there are ten good points," Mr. Deng continued.

Mr. Lange said there were some in the West who said that Mrs. Deng's health was not very good but he was pleased to see that this was not true, that the Chinese leader was in fact well and forceful. He also joked that it was easier to quit smoking if one smoked "Panda."

Mr. Deng said he had not had a cold in more than ten years and attributed his good health to swimming in the summer and cold baths in the winter.

Mr. Lange was to meet with Chinese Communist Party General Secretary Hu Yaobang later Friday and hold a press conference in the afternoon. He is to end his week-long official visit to China tomorrow, leaving for the Philippines via Hong Kong.

Chinese Communist Party Secretary General Hu Yaobang later presented New Zealand Prime Minister David Lange with a large framed embroidery of a Maori House Friday as the two leaders chatted about Mr Hu's visit to New Zealand last year.

Mr Lange said Mr Hu's New Zealand visit had been of "great significance," adding that the year following the visit had been especially important for the Communist Party chief's younger colleague, Hu Qili, who also took part in the trip.

The younger Mr Hu was among a handful of leaders promoted to the powerful Politburo at a watershed Communist Party conference last October.

Hy Yaobang replied that Hu Qili was only one of many young leaders to be promoted during the conference, which saw many older leaders relinquish their seats on the larger Central Committee to younger cadres.

#### Deng Xiaoping Receives Lange

OW280908 Beijing XINHUA in English 0858 GMT 28 Mar 86

[Text] Beijing, March 28 (XINHUA) -- The Seventh Five-Year Plan which began this year will be crucial to China's stability and progress for several decades, senior Chinese leader Deng Xiaoping said here today. He told visiting New Zealand Premier David Lange that China's success depended on two important conditions -- the continued pursuit of the country's present policies and the maintenance of world peace. China had achieved remarkable results over the past five years, he said. But this was only the beginning of a long march.

Deng, chairman of the Chinese Communist Party Central Advisory Commission, met Lange at the Great Hall of the People.

The Chinese leader said that during the next five years, comprehensive economic reforms would involve politics, education, science, technology and other areas. The success of these reforms would lay a foundation for continued stability for several decades to come. National construction depended on a peaceful environment, so China adhered to the pursuit of an independent foreign policy, aimed at maintaining world peace. China's progress would benefit peace, and the country would become an important force for preventing world conflict.

Lange congratulated China's achievements over the past few years, and said that relations between New Zealand and China had made great progress. He hoped their countries would expand their co-operation in the fields of trade and livestock farming.

Deng said that relations between the two countries were good, and he invited Lange to visit China often.

Present at the meeting were State Councillor and Foreign Minister Wu Xueqian, and Textile Minister Wu Wenying.

#### Hu Yaobang Receives Lange

OW280946 Beijing XINHUA in English 0941 GMT 28 Mar 86

[Text] Beijing, March 28 (XINHUA) -- General-Secretary Hu Yaobang, of the Chinese Communist Party Central Committee, and David Lange, prime minister of New Zealand, exchanged greetings here today on their second meeting within a year. Hu visited New Zealand last April, and invited Lange to visit China within one year.



Lange said his visit to China was "very significant," and he considered that New Zealand and China could strengthen their economic co-operation by launching joint venture-enterprises.

Hu said that friendship between their countries had developed greatly, and suggested that the two countries could undertake various forms of co-operation in trade, textiles and light industry.

After the meeting, Hu and his wife Li Zhao, gave a luncheon for Lange and his wife, Naomi Lange.

#### Song Jian Meets Lange

OW271224 Beijing XINHUA in English 1215 GMT 27 Mar 86

[Text] Beijing, March 27 (XINHUA) -- Song Jian, Chinese minister in charge of the State Science and Technology Commission, said here today that China welcomes New Zealand to participate in its sparking plan which is designed to introduce science and technology into the countryside and covers the development of mountainous areas, aquatic production, livestock farming, animal husbandry and other fields.

Speaking at a meeting with New Zealand Prime Minister David Lange, Song said China could also cooperate with New Zealand in high-tech and other fields.

Lange said scientists in his country is interested in involving cooperation with China, hoping that scientific and technical departments at the two countries could enhance contacts. [paragraph as received]

#### Guizhou Governor Fetes Lange

HK280710 Guiyang Guizhou Provincial Service in Mandarin 2300 CMT 24 Mar 86

[Excerpt] Yesterday [24 March] evening, provincial Governor Wang Chaowen gave a banquet at the (Huaxi) guesthouse in honor of New Zealand Prime Minister David Lange, his wife and entourage.

Wang Chaowen proposed a toast at the banquet. On behalf of the Guizhou Provincial Government and the 30 million people of various nationalities in Guizhou, Wang Chaowen first extended the warmest welcome to His Excellency the Prime Minister, his wife, and all the distinguished New Zealand guests. He said: The province's Dushan pasture grass cultivation farm, which was built with the assistance of New Zealand specialists, is now in good shape. This joint venture has not only promoted technological cooperation, but has also deepened understanding, promoted technological cooperation, and contributed to the continuous development of the friendship between the people of the two countries. Prime Minister Lange's visit to our province will push the friendly relations and cooperation between the New Zealand and our province to a new level.

Prime Minister Lange replied to the toast. He said: I am very glad to be the first prime minister of a foreign country to visit Guizhou. We are very grateful to you for this. Your provincial government has attached great importance to and supported economic development in the province. A New Zealand company signed a contract with your province in 1984 on building a pasture grass cultivation farm in Dushan, southeastern Guizhou. This farm has been doing well. We hope that Guizhou will benefit from the farm for a long time.

In conclusion Prime Minister Lange proposed a toast to continuous economic prosperity in Guizhou, and to the lasting friendship and cooperation between the peoples of the PRC and New Zealand.



Attending the banquet were Wu Wenying, head of the Chinese escort group and textile industry minister; Zhang Longhai, Chinese ambassador to New Zealand; Zhang Yuqin and Xu Caidong, Guizhou provincial vice governors; (Wang Shouting), mayor of Guiyang City; (Liu Huide), secretary general of the provincial government; (An Ruitong), director of the provincial foreign affairs office; and responsible persons of relevant departments of the province and Guiyang City.

Rolleston, a New Zealand specialist working at the Dushan pasture grass cultivation farm, and (Heng Guangxia), the farm manager, were invited to attend the banquet.

#### AUSTRALIA HAILS PRC DECISION ON NUCLEAR TESTS

OW271523 Beijing XINHUA in English 1454 GMT 27 Mar 86

[Text] Canberra, March 27 (XINHUA) -- Australian Foreign Minister Bill Hayden today expressed his appreciation of Chinese Premier Zhao Ziyang's announcement that China would no longer conduct nuclear tests in the atmosphere. Zhao made the pledge on March 21 at a rally in Beijing to mark the international year of peace.

Hayden said in a statement here that China had not conducted nuclear test in the atmosphere since 1980, but the country had not officially stated its intention to refrain from atmospheric tests before.

#### HUANG HUA REAFFIRMS SUPPORT FOR DK GOVERNMENT

OW271606 Beijing XINHUA in English 1600 GMT 27 Mar 86

[Text] Beijing, March 27 (XINHUA) -- A high-ranking Chinese official said here today that China will support Democratic Kampuchea in its struggle against Vietnamese aggression. Huang Hua, vice-chairman of the Standing Committee of the Chinese National People's Congress, made this statement when he met the visiting Thai sports delegation in the Great Hall of the People here this afternoon.

The five-member Thai delegation is led by Chaisiri Rungkanchaset, [name as received] minister attached to the prime minister's office.

Referring to the Kampuchean situation, Huang Hua said that Vietnamese aggression against Kampuchea was backed by a superpower but the resistance forces led by the Coalition Government of Democratic Kampuchea are growing steadily in strength and operating ever deeper in Kampuchea's heartland.

Facts showed that the Vietnamese authorities had not the slightest sincerity for the solution of the Kampuchean issue politically, Huang Hua pointed out, adding that under these circumstances, "There is need for us, together with all the justice-upholding countries the world over, to continue our firm support for the Kampuchean people's fight against Vietnamese aggression and support Thailand's struggle for safeguarding its territorial integrity and sovereignty."

Present at the meeting were Li Menghau, minister of the Chinese State Physical Culture and Sports Commission, and the Thai ambassador to China Orachun Tanaphong. The Thai guests will leave here Friday for a tour of south China.

RENMIN RIBAO VIEWS SRV'S ATTACK ON CGDK PROPOSAL

HK280900 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 28 Mar 86 p 6

[Commentator's article: "An Outrageous Attitude"]

[Text] After the 8-point proposal of the Coalition Government of Democratic Kampuchea [CGDK] on a political solution of the Cambodia issue was announced, it was universally hailed and praised by the allies of Cambodia and the international community. It was pointed out that this proposal was unusually reasonable and was a good one that contributed to the solution of the Cambodia issue.

But the Vietnamese regime could not wait to issue an announcement. It flatly turned down Democratic Kampuchea's proposal and set the propaganda machine to work attacking this proposal as "a farce" aimed at "vilifying Vietnam" and "checking the trend toward dialogue quickly developing in Southeast Asia." It claimed that Vietnam could only recognize the Heng Samrin regime as "the only legitimate, real representative" and would not talk to CGDK. It again harped on unreasonable prerequisites for the withdrawal of troops from Cambodia and called for an end to so-called "foreign intervention in the internal affairs of Cambodia," and so forth. Obviously, the Hanoi authorities are still obstinately sticking to their stand, assuming an outrageous attitude, and acting very arrogantly.

The Vietnamese regime's haste in closing the door on negotiations and its willful attack on Democratic Kampuchea's proposal can only point to its apprehension and disturbed state of mind, because reason is not on its side. It also shows its complete lack of sincerity in seeking a political solution of the Cambodia issue. Greeting the reasonable and solemn proposal advanced by the CGDK with taunts and jeers is in itself a "farce."

A political solution of the Cambodia issue means ending Vietnam's invasion of Cambodia through negotiations and allowing the restoration of peace in Cambodia and its independence. Of course, the CGDK and the Vietnamese regime are the two parties directly involved. Talks or dialogue should first begin between the two sides. Moreover, the main problem of Vietnam's withdrawal of troops from Cambodia must be discussed first. Now Democratic Kampuchea has put forth a clear-cut proposal for the CGDK to hold talks with the Vietnamese Government. This is both reasonable and understandable. How can this be "checking the trend toward dialogue in Southeast Asia?" If such a reasonable proposal is considered as something checking the trend toward dialogue, then what kind of "a trend toward dialogue" do the Vietnamese authorities want? To be blunt, what the Vietnamese authorities want is not "dialogue" aimed at a fair and reasonable solution of a problem. Instead, they want dialogue to deceive public opinion, split up the CGDK, and wreck the unity of the international forces that are helping Cambodia and its resistance against Vietnam, thus standing to gain and putting their permanent occupation of Cambodia on a legitimate basis.

The Vietnamese regime claimed that it could only recognize the Heng Samrin regime as the "only legitimate real representative." Moreover, obsessed with this, it has again and again tried to exclude the patriotic forces of Democratic Kampuchea and break up the coalition government of the three Democratic Kampuchean parties -- in an attempt to bring things under the control of the Heng Samrin government. This is both absurd and ridiculous. It is common knowledge that the Heng Samrin government was set up under the bayonets of the Vietnamese aggressor troops. It has never been accepted by the people of Cambodia. Nor has it been recognized by the international community. It has basically no legal status. The CGDK suggested treating it as a political force in solving the Cambodia issue. This is a concession prompted by a lofty national spirit. This shows the generosity and sincerity of the CGDK.

Now, the Vietnamese regime still wants to impose the Heng Samrin group on the people of Cambodia. How can this work? It clearly indicates that the Vietnamese regime's aim in trotting out this group is to make it a stumbling block to bringing about a political solution of the Cambodia issue. As to the claim about "foreign intervention in the internal affairs of Cambodia," what is foreign is none other than the Vietnamese regime itself.

What is worth pointing out is that the Vietnamese regime displays such arrogance -- ignoring the proposal of Democratic Kampuchea, obstinately sticking to its stand in occupying Cambodia and refusing to withdraw its troops from Cambodia -- because it has the encouragement and support of a superpower. At the same time the Hanoi regime outrageously turned down Democratic Kampuchea's proposal the Soviet Union's PRAVDA came out attacking Democratic Kampuchea's proposal as what was called an attempt to "impose upon the People's Republic of Kampuchea." It said threateningly that the Cambodia issue, being "irreversible," had "thoroughly and unalterably been solved." What was actually meant was that with Soviet support, Vietnam could occupy Cambodia for good.

The proposal by the coalition government of three Democratic Kampuchean parties is undoubtedly a drastic test for the Vietnamese regime. The Hanoi government's outrageous attitude has again exposed its true face. From the CGDK's proposal and the Vietnamese regime's attitude, people can see who really wants to seek a peaceful solution of the Cambodia issue and who is actually thwarting the solution of the Cambodia issue under the pretext of a political solution. The Vietnamese regime's adhering to its stand can only result in its being increasingly isolated in the international community and ultimately defeated.

#### PRC ARMY OFFICER DESCRIBES FIGHTING VIETNAM

HK271532 Beijing ZHONGGUO XINWEN SHE in Chinese 1328 GMT 27 Mar 86

[Report by Li Wei: "A Senior Chinese Army Officer Describes Defensive Fighting Against Vietnam"]

[Text] Beijing 27 Mar (ZHONGGUO XINWEN SHE) -- Zhang Taiheng, deputy commander of PLA Chengdu Military Region, cited the following example: "Regarding our effective interference, the Vietnamese soldiers exclaimed at the 'toughness' of the Chinese Army in one of their radio conversations, and begged for a few minutes more to explain, so that they would not be executed by their commanders," to illustrate that the structural reform, streamlining, and reorganization of the Chinese Army have not weakened, but greatly strengthened its combat effectiveness. Zhang told reporters this in an interview this afternoon.

According to him, the Chinese Army conducted three battles of varying scale against the Vietnamese Army in the Laoshan area on the Sino-Vietnamese border between September and December 1985. The first battle was our counterattack aimed at recovering one of our sentry posts taken by the Vietnamese Army. The second battle was our offensive aimed at destroying one of their strongholds, and to deal blows at their arrogance. For the Vietnamese had frequently attacked and harassed the normal production and life of our people inhabiting the border areas. And the third battle was the attack on several sentry posts (points) of the Vietnamese Army, causing the enemy great casualties. It was a counter-attack against the harassing by the Vietnamese Army of the normal patrols of our border defense guards and the normal life of our inhabitants in the border areas.

In these battles, our commanders at all levels were capable of making good judgments on the situation at the time, and of promptly drawing up lines of action based on the guiding ideas and concepts of operations in the war against Vietnam. Eventually great victories were won with the smallest price in all these battles.



The fighting qualities and the capacity for several arms of the service to fight in coordination were well displayed. And those were the good results of the structural reform, streamlining, and reorganization of the army.

This 54-year-old senior military officer believed that the structural reform of the Chinese Army, particularly the newly established combined group armies, further suited the needs of modern warfare. In the counterattacks against Vietnamese raids, he said, as well as the coordination between the infantry and the artillery, other service arms, including the special units, have also cooperated very well in the battles. For example, when the infantry needed aid from the artillery, they could obtain effective support within a minute after dispatching signals. When the communications of the Vietnamese Army headquarters were discovered, they were jammed as required. By doing this, the enemy would be confused and could only take action blindly.

Frank and straightforward, Deputy Commander Zhang Taiheng joined the Army 40 years ago. He has been promoted grade by grade from soldier to senior commander. During the early sixties, he spent more than 2 years receiving advanced training at the Nanjing Military Academy, and later became army commander of the Beijing Military Region. When the 11 military regions were merged into 7 last summer, he was transferred to the Chengdu Military Region. As one of the 268 PLA delegates to the NPC, he is now attending the Fourth Session of the Sixth NPC.

#### THAI ARMY CHIEF COMMENTS ON HIS DISMISSAL

OW271027 Beijing XINHUA in English 0851 GMT 27 Mar 86

[Text] Bangkok, March 27 (XINHUA) -- General Athit Kamlang-ek said here yesterday that he would abide by the prime minister's decision not to extend his military term and could cooperate with the military, government and people in helping develop the country even after he leaves the present posts. Speaking to about 300 representatives of various organizations and communities yesterday rallied at the Capital Security Command, the Supreme Commander of the Thai Armed Forces and Commander-in-Chief of the Thai Army General Athit said "I wholeheartedly accept my superior's decision as he made it in accordance with the correct principle."

Prime Minister Prem Tinsulanon announced at a press conference at the Government House on March 24 that he had decided in the capacity as defense minister not to extend General Athit's tenure for the second year. As is known, Athit had been granted last year one-year extension to his tenure. Prem's decision was lauded by leaders of some political parties and the parliament, as well as the local mass media.

In his speech, General Athit who is due to retire at the beginning of September this year, also said that rumors about political tension resulted from Prem's refusal to the extension of his tenure would "gradually fade away and that things will return to normal soon".

The representatives present at the meeting voiced full backing for General Athit to enter politics after his retirement. The president of the National Congress of Thai Labor pledged that his 200,000 union members would support Athit should he contest in next year's general elections.

Local newspapers also reported that Prime Minister Prem and General Athit yesterday met and talked to each other during the royal cremation of the fallen soldiers presided over by the king.

It was their first meeting in public after Prime Minister Prem declared his decision not to extend Athit's tenure.



LI XIANNIAN STOPS IN PAKISTAN EN ROUTE HOME

OW271857 Beijing XINHUA in English 1851 GMT 27 Mar 86

[Text] Karachi, March 27 (XINHUA) -- Chinese President Li Xiannian was met at the airport by Pakistan President Ziaul Haq this evening during a stopover in Karachi on his way home. Li arrived at 8:40 p.m. local time after winding up his five-nation Asian and African tour, which has taken him to Bangladesh, Sri Lanka, Egypt, Somalia and Madagascar.

Two Karachi children presented bouquets to President Li and his wife, Lin Jaimel.

Present at the airport were Pakistani Foreign Minister Yaqub Ali Khan and Governor of Sind Province Jahandad Khan, Chinese Ambassador to Pakistan Wang Chanbin and Consul General in Karachi He Chanming.

President Li had a friendly meeting and a cordial conversation with President Zia at the governor's residence. Zia congratulated Li on his successful five-nation visit. Li expressed his heartfelt thanks for President Zia's coming to Karachi to greet him.

EX AFGHAN POLICE OFFICER ON USSR ATROCITIES

OW271653 Beijing XINHUA in English 1635 GMT 27 Mar 86

[Text] Islamabad, March 27 (XINHUA) -- The Afghan police is working under the direct control and supervision of Soviets, who have committed a lot of atrocities in Afghanistan, stated a former police officer of the Karmal regime. "After the Soviet military invasion of Afghanistan, all administrative and military affairs in the country have been under the control of the Russians," Ammanullah said in an interview in Peshawar which was published in the latest issue of the monthly "AFGHAN INFORMATION CENTER."

Ammanullah, who joined the Afghan mojahedin (holy war fighters) this year, said the police in Afghanistan were often sent by the Soviets to fight the mojahedin. "Despite the fact that the duty of our battalion was to guard the farms of Jalalabad (capital of Nangarhar Province in eastern Afghanistan), we were often sent to the fighting," said Ammanullah. "Where the Russians could not go, they would force the Afghan soldiers to go and those refused orders were executed," he added. He said when one rifle and one machine gun disappeared in his battalion on November 16, 1985, two soldiers of the battalion were arrested. "We saw the Russians giving electric shocks on their tongues to force them into confession of stealing the guns," he said.

In another case last September, he said, a soldier belonging to the second battalion of the guard regiment of Jalalabad was dragged by a running military vehicle for losing a wireless set and pieces of his skin were left on stones.

He also disclosed that "in 1985 when a group of Russians cut the breasts of a young Afghan girl in a village near Jalalabad because her brother was a mojahed, a number of Afghan women protested to the zonal head but the latter told the women that even Babrak Karmal cannot stop the Russians because he has no authority."

CHINESE ROCKET TO LAUNCH SWEDISH SATELLITE

OW280728 Beijing XINHUA in English 0719 GMT 28 Mar 86

[Text] Beijing, March 28 (XINHUA) -- The Sweden Space Company (SSC) has requested China to launch a Mailstar satellite, according to an announcement by the Chinese Ministry of Astronautics Industry today. An agreement to launch the satellite was signed in Stockholm earlier this year. But the specific launch date was not disclosed.

This will be the first time China has launched a satellite for a foreign customer since it announced last October that its launching vehicles would be put into international commercial service.

The satellite will be put into orbit by a China-made "long March-2" rocket, a large two-stage launching vehicle, using liquid fuel. It was developed in the middle of the 1970s. The most recent launching was the seventh.

HU QILI MEETS FEDERAL GERMAN VISITORS 27 MARCH

OW271340 Beijing XINHUA in English 1331 GMT 27 Mar 86

[Text] Beijing, March 27 (XINHUA) -- Hu Qili, member of the Political Bureau and Secretariat of the Chinese Communist Party Central Committee, met Friedrich Vogel, minister of state of the Chancellor's Office of Federal Germany, and his party here today.

Hu Qili briefed the guests on China's economic reform and policy of opening to the rest of the world, reiterating that China will continue to carry out the policy.

The guests arrived here March 25 on a visit to China as guests of the Chinese People's Association for Friendship With Foreign Countries. They were honored at a banquet given by President Zhang Wenjin of the host association that evening.

YAO YILIN MEETS WEST GERMAN ENGINEER

OW271546 Beijing XINHUA in English 1535 GMT 27 Mar 86

[Text] Beijing, March 27 (XINHUA) -- Chinese Vice-Premier Yao Yilin and State Councillor Zhang Jingfu met here today with Werner Gerich, a retired engineer from the Federal Republic of Germany and the first foreigner employed as director of a Chinese factory.

Since he took the position as director of the Wuhan Diesel Engine Factory in November 1984, Gerich has made a lot of efforts to improve the factory's management and the quality of its diesel engines.

At the meeting, Gerich put forward many candid suggestions on management, quality control and the training of technicians based on his experiences in China; Vice-premier Yao said that his suggestions were very good and important.

Gerich arrived here yesterday on his way back to Wuhan following home leave. Tomorrow he will give a report on quality control to 400 factory leaders in Beijing.

Yao and Zhang gave a dinner in honor of Gerich after the meeting.

LI XIANNIAN CONTINUES ASIA-AFRICA TOUR

## Li Xiannian, Ratsiraka Talk

OW260959 Beijing XINHUA Domestic Service in Chinese 0155 GMT 27 Mar 86

[By reporter Huai Chengbo]

[Text] Antananarivo, 26 Mar (XINHUA) -- PRC President Li Xiannian, who is paying a state visit here, held private talks with Malagasy President Ratsiraka this afternoon at the Mahazoarivo Palace.

During the talks, which proceeded in a "very cordial atmosphere" according to a news information spokesman of the Chinese side, the two leaders "extensively exchanged views" on further strengthening the friendship and cooperation between the two countries and other issues of mutual concern.

On the morning of 25 March, the two leaders also held talks on bilateral relations, the international situation, and other issues of mutual concern.

## Li Hosts Return Banquet

OW271349 Beijing XINHUA Domestic Service in Chinese 1606 GMT 26 Mar 86

[By reporters Xu Zhi and Lin Chengbo]

[Text] Antananarivo, 26 Mar (XINHUA) -- PRC President Li Xiannian and his wife Lin Jiamei today thank the Malagasy Government and people for their warm hospitality.

President Ratsiraka and his wife Celine attended the banquet by invitation.

President Li Xiannian and President Ratsiraka delivered warm and friendly speeches at the banquet. Both of them expressed satisfaction over the fruitful cooperation in all fields between the two countries, and hoped to consolidate and develop the existing friendly relations of cooperation between the two countries.

In his speech, Li Xiannian said: "Although my visit is short, it has been fruitful." "Our meetings and talks were extremely useful. Both sides share identical or similar views on various important issues and my visit's aim of strengthening mutual understanding and friendship has been attained," he added. He reiterated: "China treasures its friendship with Madagascar, and to develop Sino-Malagasy friendship and cooperation remains our firm and unshakable policy." President Li also expressed his sincere appreciation for the warm hospitality of the Malagasy Government, the people of all walks of life, and the masses.

In his speech, President Ratsiraka said: "The amicable encounter and exchange of views in the past few days have further strengthened the very solid ties between Madagascar and China." He added: "Leaders of the two countries at various levels have all along cooperated satisfactorily and are ready to develop a relationship of mutual respect, commitment, and effectiveness, treating each other amicably." He reaffirmed his "complete satisfaction" with Sino-Malagasy relations. He said: "We have planted a robust seedling which will bear plentiful and sweet fruits. It is called friendship, unity, and harmony. Our offspring will protect and cultivate it. We will do our best to safeguard it."

Attending the banquet were Andrianarahinjaka, speaker of the National People's Assembly, Rokotoarijaona, prime minister; (Rakotoarison), chairman of the Military Development Committee; and (Hunuray), president of the Constitutional High Court.



Present at the banquet on the Chinese side were members of President Li Xiannian's entourage Chen Muhua, Qi Huaiyuan, Lu Xuejian, Tang Longbin, and others. Also present at the banquet was Yang Guirong, Chinese ambassador to Madagascar.

The banquet was held in a warm and friendly atmosphere.

President Li arrived in Madagascar on 24 March for a state visit. After successfully completing their tour of five Asian and African nations, President Li and his entourage are scheduled to return home via Karachi tomorrow.

#### Li on Sino-Somali Relations

HK271525 Beijing RENMIN RIBAO in Chinese 24 Mar 86 p 6

[XINHUA report: "Text of Li Xiannian's Speech at a Banquet Hosted by President Siad"]

[Text] Mogadishu, 22 March (XINHUA) -- Chinese President Li Xiannian spoke at a banquet in his honor hosted by Somali President Mohamed Siad Barre. The full text of his speech is as follows:

Your Excellency Honorable President Mohamed Siad Barre and Madame Siad;

Ladies and gentlemen:

I am very happy to have the opportunity to come to Somalia on a state visit at the warm invitation of President Mohamed Siad Barre. It has been my long-cherished wish to visit our old friend President Siad and the Somali people in your country. The warm welcome of your government and people and the banquet hosted by Your Excellency President Siad on this occasion has made us feel quite at home. I should like to take this opportunity to express my heartfelt thanks and admiration for Your Excellency the President and Madame Siad on behalf of my colleagues in the name of my wife and myself.

The Chinese and Somali peoples have a long history of ties and profound traditional friendship. Back in the mid-15th century, the famous Chinese navigator Zheng He came to Somalia on several occasions across the ocean. After the establishment of diplomatic relations between the two countries, the then Premier Zhou Enlai paid a visit to Somalia, and Your Excellency President Mohamed Siad Barre has twice visited China. It has laid a solid foundation for the smooth development of Sino-Somali friendly relations and cooperation. I sincerely hope that my present visit will make contributions to the further promotion and development of Sino-Somali friendship.

The Chinese Government and people have always followed with interest Somalia's development and progress. We are happy to see that the Somali Government and people are continuously exploring a road of development suited to their national situation. They have made unremitting efforts in overcoming natural disasters, promoting economic development, and improving the living standard of the people, and have achieved gratifying results. Somalia has pursued a policy of nonalignment, opposed imperialism, colonialism, and racism, supported the just struggles of the South African and Arab peoples, stood for the establishment of a new international economic order, and done much useful work to safeguard the Third World's rights and interests and interests and world peace.

China is a developing socialist country. China has scored considerable accomplishments in economic construction in the 3 decades and more since the founding of the PRC. However, it has taken quite a tortuous road.



Both positive and negative experiences have told us that in order to make China's affairs successful, it is necessary to start from China's actual conditions in everything, to adopt practical and feasible measures, and to develop the national economy in proportion in a planned way. Since the late 1970's, we have focused our efforts on developing the social productive forces, implementing the policy of invigorating the domestic economy and opening up to the outside world, conducting economic reform step by step in a planned way, and doing our best to build socialism with Chinese characteristics. With the efforts over the past few years, China's economic reform has scored marked results and China's economy is now in the orbit of healthy development. In international affairs, China has firmly pursued an independent foreign policy of peace, opposed hegemonism of all descriptions, and worked to establish or develop normal relations with various countries on the basis of the five principles of peaceful coexistence. We will, as always, strengthen unity and cooperation with other Third World countries, support African people in their struggle against the racism practiced by the South African authorities, and support the just struggle of the people of other countries. We are resolute about making unremitting efforts to safeguard world peace and to promote common economic prosperity with the people of all countries in the world.

The basic interest of the people of all countries in our contemporary world is peace and development. To seek development in peace and to promote peace with development has become an irresistible historical trend. We are very happy to note that the 21st OAU summit meeting has listed a resolution of Africa's economic difficulties as a major item on the agenda, and has adopted appropriate resolutions to this end. The meeting has appealed to the OAU member nations to strengthen their collective efforts facing the "dual challenge of development and subsistence." We highly value the African countries' stand of unity and self-improvement. I believe that the African countries, with the support of the international community, will surely make steady progress in their efforts to restore and develop their economy, making still greater contributions to world peace and development.

Your Excellency the President, Sino-Somali friendship has stood the test of history and it has great vitality. It has been a quarter of a century since the two countries established diplomatic relations. With our joint efforts, the two countries have carried out sincere and efficient cooperation in the political, economic, trade, and cultural fields. China has always prized its friendship from Somalia. It is our wish to help supply each other's needs, to make up each other's deficiencies, and to continuously explore and open new realms for cooperation on the basis of equality and mutual benefit. We believe that through our joint efforts, the friendly cooperative relations between our two countries will be all the more fruitful.

Now allow me to propose a toast:

To the continuous development of the friendship between the Chinese and Somali peoples and friendly cooperation between the two countries;

To the prosperity of the Somalia Democratic Republic and the happiness of its peoples;

To the health of Your Excellency the President and Madame Siad;

To the health of other Somali leaders and their wives; and

To the health of the ladies and gentlemen present.

Cheers!

ZHAO ZIYANG DELIVERS WORK REPORT AT NPC OPENING

OW251320 Beijing Television Service in Mandarin 0704 GMT 25 Mar 86

[Report by Zhao Ziyang, premier of the State Council, on the Seventh 5-Year Plan for National Economic and Social Development at the opening of the Fourth Session of the Sixth NPC at the Great Hall of the People in Beijing on 25 March -- live]

[Text] Deputies: Now, on behalf of the State Council, I submit to the congress for your deliberation a report on China's Seventh 5-Year Plan for National Economic and Social Development.

As early as 1983, the State Council had begun work on the 1986-90 Seventh 5-Year Plan. It had organized the various departments concerned and experts to conduct discussions and forecast the major issues of economic and social development. In September 1985, the National Conference of Party Delegates adopted the proposal of the CPC Central Committee for the Seventh 5-Year Plan for National Economic and Social Development, and clearly pointed out the guiding ideology, major tasks, and a series of principles compatible with the new situation. On the basis of the proposal made by the CPC Central Committee, the State Council conducted an even more extensive study of the arrangements, held repeated discussions and calculations, and solicited views from various departments and localities. After more than 3 years of work, a draft Seventh 5-Year Plan has been completed and is hereby submitted for your examination.

Now I will report on the situation of implementation of the Sixth 5-Year Plan, because it is an important basis for formulating the Seventh 5-Year Plan. Then I will give the necessary explanations on the basic tasks and major construction principles for the Seventh 5-Year Plan, as well as economic structural reform and foreign policies during that period.

I. A Review of the Implementation of the Sixth 5-Year Plan. The Sixth 5-Year Plan, approved at the Fifth Session of the Fifth NPC, required that the principle of readjustment, restructure, consolidation, and improvement be promptly implemented in the 5 years from 1981 to 1985; that the various problems left over from the past which hindered our economic development be resolved one by one; that an overwhelming victory be won in bringing fundamental changes for the better to the financial and economic situation; and that a firm foundation be laid and good conditions created for the national economic and social development during the Seventh 5-Year Plan. Under the leadership of the CPC over the past 5 years, all the above requirements have been met, thanks to the concerted efforts of all people of various nationalities. An overwhelming part of the tasks and targets on industrial and agricultural production, communications and transportation, capital construction, technical innovation, domestic and foreign trade, education, science, culture, and the people's livelihood as set by the Sixth 5-Year Plan have been prefulfilled or overfulfilled.

China has made tremendous achievements in socialist modernization. Profound changes have taken place in the entire nation's economic and social outlook. These achievements and changes are all very remarkable whether they are compared with those in the several previous 5-year plans since the founding of the new republic or with those in other nations during that same period.

Over the past 5 years, China's total industrial and agricultural output has increased at an annual rate of 11 percent. During that period, the average annual industrial and agricultural growth rates were respectively 12 and 8.1 percent, while the gross national product increased at an average annual rate of 10 percent. Such high economic growth was only approached by that of the First 5-Year Plan and was higher than all previous 5-year plans. It is also higher than that in most nations in the world during that same period.

Particularly noteworthy was the fact that China's agricultural development was very fast in that 5 year period, with a growth rate higher than that of many other nations. In fact, the past 5 years saw the fastest agricultural growth rate since the founding of the new republic. In the 28 years from 1953 to 1986, [as heard] China's total agricultural output increased 3.5 percent annually. During the First 5-Year Plan, a period marked with relatively fast agricultural growth, or agricultural output had an average annual increase of 4.5 percent. During the Fifth 5-Year Plan, it increased at an annual average rate of 5.1 percent. Thus, during the Sixth 5-Year Plan, the agricultural growth rate was higher than both of the previously mentioned 5-year plans.

China's rapid agricultural development has created very favorable conditions for steady growth of the entire national economy. Over the past 5 years, the output of many important products vital to the entire national economy and the people's livelihood has increased by large margins. Compared with the Fifth 5-Year Plan, China's average annual plan grain output under the Sixth 5-Year Plan increased from 305.3 million metric tons to 370.62 million metric tons; cotton from 2.24 to 4.32 million metric tons; and pork, beef, and mutton from 9.37 and 14.62 million metric tons. From 1980 to 1985, China's coal production increased from 620 million to 850 million metric tons; crude oil from 106 million to 125 million metric tons, electric power from 300 billion to 407 billion kilowatt-hours; and steel from 37 million to 46.66 million metric tons.

China has a population of over 1 billion. Its present per capita output of principal industrial and agricultural products is still quite low. However, because of the big increase in the output of the above-mentioned products over the past 5 years, total output was quite high by world standards. In fact, most of them ranked among the highest in the world. This shows that China's aggregate economic strength has become noticeably stronger. [applause]

Over the past 5 years, China has achieved significant successes in capital construction and technical innovation. During the Sixth 5-Year Plan, state-owned units invested a total of 530 billion yuan in fixed assets, acquired 383 billion yuan worth of new fixed assets, and completed 496 large and medium-sized projects, of which 103 were energy and communications projects. During those 5 years, the nation's power generating capacity increased by 19.5 million kwh, coal production capacity by 80 million metric tons, and crude oil production capacity by 50 million metric tons. Moreover, 1,500 kilometers of railways were opened for service, 1,500 kilometers were multiple tracked, 2,400 kilometers electrified, and deep-water berths' handling capacity was increased by 100 million metric tons. Over 200,000 projects were completed and put into production by our enterprises, which have quickened the pace of equipment replacement and technological transformation. The technical level of some trades and enterprises has noticeably improved. Over the past 5 years, the nation's mechanical and electronics industries have doubled their output of products of advanced international standard. Not only did this ensure steady economic growth during the Sixth 5-Year Plan, it also provided a relatively sound material base for economic development during the Seventh 5-Year Plan and into the 1990's.

Over the past 5 years, the nation has seen an upturn in its once decreasing revenue. During the last 3 years, in particular, a gratifying situation, where there was a significant, steady growth in receipts appeared. Near the end of the Fifth 5-Year Plan, the nation had a considerable deficit. The deficit in 1979 and 1980 totalled nearly 30 billion yuan. Thanks to readjustments and reforms during the last 5 years, the nation's production developed, distribution of goods expanded, and economic returns, as well as financial receipts, increased. In 1983, the nation's revenue increased by 12.7 billion yuan. In 1984, it increased by 25.5 billion yuan. The increase in 1985 was 36.2 billion yuan. In that year, total receipts reached 182.9 billion yuan, and revenue and expenditure were balanced. Of all the previous 5-year plans, the fifth registered the highest increase in revenue. Receipts for 1980 was 22.6 billion yuan higher than 1975, and the increase registered during the Sixth 5-Year Plan was significantly higher than that of the Fifth 5-Year Plan.



Revenue in 1985 was 78.6 billion yuan higher than in 1980. While the nation's revenue increased, there was also a drastic increase in nonbudgetary funds. The amount reached 143 billion yuan in 1985. In that year, the amount of budgetary and nonbudgetary funds doubled that of 1980.

During the past 5 years, a thriving and prosperous situation has appeared in our nation's scientific, technological, educational, and cultural spheres. During the Sixth 5-Year Plan, the state spent a total of 117.2 billion yuan on development in those areas. That doubled the 57.7 billion yuan spent in those areas during the Fifth 5-Year Plan. During the Sixth 5-Year Plan, a total of 33,000 major scientific research projects were completed, 937 of them receiving state awards for scientific and technological achievements, and some of the completed projects were among the world's forerunners or the most advanced in the world. Noticeable results were achieved through the popularization and application of scientific and technological achievements, as well as from the technical innovations carried out among the masses.

Higher education developed rapidly. The total number of students enrolled in regular schools of higher education increased to 1.7 million in 1985 from 1.14 million in 1980. Restructuring of secondary education began to achieve initial results. Development of vocational and technical education was fast. Progress was made in popularizing primary education. Adult education of all descriptions developed throughout the country on an unprecedentedly wide scale. All types of cultural services, including literature and art, education, newspapers, publishing, films, and radio and television broadcasts, grew.

Over the past 5 years, a new situation has appeared in the nation's economic relations, trade, and technical exchanges with foreign countries. Both in terms of depth and breadth, the nation has opened its door to the world wider than it has during any period in its history. During the Sixth 5-Year Plan period, the nation's import and export trade totalled \$230 billion, twice that of the Fifth 5-Year Plan period. In terms of foreign trade, the nation's position is now ranked noticeably higher in the world. In 1985, the nation registered an increase in foreign exchange reserves compared with that of 1980. In one way or another, the nation spent 10.3 billion yuan of foreign loans, attracted 5.3 billion yuan of direct investment from foreign businessmen, and established a number of Sino-foreign joint ventures, cooperative undertakings, and foreign-owned enterprises in various parts of the country. During the 5-year period, the nation imported more than 10,000 items of foreign technology into the country. Some of them were advanced technologies and key equipment produced in the late 1970's or early 1980's. Through importing foreign technology and establishing Sino-foreign joint ventures and cooperative undertakings, many enterprises have noticeably upgraded their technology and management. Furthermore, we have made significant headway in winning foreign contracts, in providing labor services, and in developing tourism.

Over the past 5 years, the Chinese people's living standards have improved noticeably. The scope of improvement has been unprecedented since the founding of the republic. This can be observed from the following four aspects: First, the income of urban and rural inhabitants has increased considerably. After allowing for rising commodity prices, their per capita net income increased by an average of 13.7 percent annually, and the per capita income of working personnel in cities and towns increased by an average of 6.9 percent annually during the past 5 years. During the 5-year period, more than 35 million people have been settled and given jobs in cities and towns. Second, the level of consumption of urban and rural residents has increased rapidly and their pattern of consumption has also changed noticeably. People now eat better than ever before. Their clothing has become increasingly diverse. The sale of durable consumer goods, especially television sets, washing machines, radio tape recorders, refrigerators, and other household electrical appliances has increased dramatically. Third, people's living conditions have improved. During the Sixth 5-Year Plan period, living quarters with a total floor space of over 360 million square meters were built in cities and towns, and living quarters with a total floor space of 32 million square meters were built in the countryside.

Fourth, savings of people in urban and rural areas have increased considerably. By the end of 1985, the total savings had reached 162.3 billion yuan, tripling the amount recorded at the end of 1980. The aforesaid achievements and changes show that, during the Sixth 5-Year Plan period, we have quite successfully solved some longstanding economic problems that we had wanted but were unable to solve in the past.

China's agricultural development was slow in the past. Its grain output during the 1953-1978 period increased by an average of some 5 million metric tons annually, and its cotton output remained basically constant during the 1965-1978 period. Thus, solving the people's food and clothing problems has always been a formidable task for the nation. Since the 3d Plenary Session of the 11th CPC Central Committee, we have gradually found a path of developing the nation's socialist agriculture with distinctive Chinese characteristics, and have ultimately attained the goal of producing enough grain and more than enough cotton to meet the nation's needs. This is something of great historic and far-reaching significance. [applause] With the exception of the early 1950's when supply was quite sufficient, commodity supply on the nation's urban and rural market has, on the whole, been inadequate in the past. As such, many commodities had to be rationed according to coupons. In some localities and in certain areas, there were dozens of different types of coupons, and it was very common for people to stand in line in order to buy what they needed. During the Sixth 5-Year Plan period, the production of many industrial and agricultural goods significantly increased, and the supply of consumer goods became relatively abundant. With the exception of a (?few items), commodity supply has become basically unlimited throughout the country. Over a long period in the past, the nation's agriculture and light and heavy industries as well as its savings and consumption were seriously disproportionate, greatly affecting the sustained and steady national economic growth and the improvement of the people's living standards. Thanks to readjustments and reforms during the Sixth 5-Year Plan period, agriculture and light industry were given greater emphasis in industrial and agricultural production, and the course of heavy industry was clearly charted. Consequently their relationship has become more proportionate. While the savings rate was as high as 36.5 in 1978, it was lowered to an average of approximately 30 percent during the Sixth 5-Year Plan period.

The improvement of proportions between major economic sectors has had, and will continue to have, a very significant effect on promoting and guaranteeing a sustained and healthy economic development in our country. The great achievements scored in various fields during the Sixth 5-Year Plan have fully testified to the correctness of our line, principles, and policies. [applause]

We have resolutely discarded the erroneous theory and practice of taking class struggle as the key link, consolidated and developed the political situation of stability and unity, unswervingly shifted the focus of all our work to socialist modernization, striven to promote the building of socialist material and spiritual civilizations, and persisted in formulating all policies by proceeding from reality. This is a fundamental guarantee and a major prerequisite for the sustained, steady, and harmonious development of the entire national economy.

Regarding economic work, the following strategic changes of far-reaching historical importance have taken place during the Sixth 5-Year Plan. This is also the radical reason for the various achievements we have made.

The strategy for our economic and social development has begun to change from one-sidedly striving for an increase in the output value and production quantity of industry, especially heavy industry, to taking the improvement of economic benefits as the central task, paying attention the harmonious development of agriculture, light industry, and heavy industry, and attaching importance to the all-round development of the economy, science, technology, education, culture, and society.

In drawing up the Sixth 5-Year Plan, we proposed that earnest efforts be made to change the long-standing situation resulting from the guidance of the left ideology and characterized by a high amount of accumulation and high speed but low efficiency and slow pace in raising the people's living standards. We proposed that we really proceed from the actual situation in our country and embark on a new road, marked by a comparatively realistic speed, better economic results, and more substantial benefits to the people. Also, a (?10)-point economic construction principle, centered on raising economic benefits, was put forward. In making economic development plans, we have not only put emphasis on tapping potential and bringing the initiative of all quarters into play, but also stressed the need to base the plans on the capability of our country and to leave an appropriate leeway. Attention has also been paid to maintaining the basic balance of financial revenue and expenditure, credit funds, materials supply, and foreign exchange.

Within the national economy, we have persisted in taking as matter of great strategic importance the enhancement of agriculture, which is the foundation of our national economy, expediting the development of the consumer goods industry, and rationally adjusting the orientation of service in heavy industry. We have also made productive and nonproductive construction generally harmonious, and brought about a fairly quick development in tertiary industry.

While attaching importance to economic development, we have paid attention to integrating economic construction closely with the development of science and technology, culture, education, and all aspects of society, and made them promote each other. As a result, a fine situation of vigorous development has appeared in economic construction, science, technology, culture, education, and all areas of social work.

In economic structure, the staff system of excessive and rigid control has begun to change to a new system, full of vigor and vitality and meeting the needs of an organic development of the commodity economy on the basis of public ownership. The first major breakthrough in our economic structural reform was made in the countryside. The wide-scale popularization of the contracted responsibility system, based on households with remuneration linked to output, and the implementation of a series of other measures for reform have liberated the productive forces in rural areas to a great extent, with the result that our rural economy has begun to change in the direction of specialization, commodity production, and modernization.

In urban economic reform, we have focused closely on invigorating enterprises as the central task and have carried out reforms in varying degrees, with respect to planning work, financial work, taxation, pricing, banking, commerce, and labor wages, bringing an unprecedentedly vigorous situation in our urban economic activities. Enterprises have gradually increased their capability to transform and develop themselves. The socialist market has continued to expand. The multifarm ownership systems and modes of operation have developed remarkably, and the lateral economic ties of one kind or another have been increasingly strengthened. The operational mechanism of the entire national economy has had many changes favorable to the enlivening of the economy. This has effectively stirred up the initiative and the creative spirit of the broad masses of staff members and workers.

Through the practice during the Sixth 5-Year Plan, in particular that over the past year and more since the CPC Central Committee had the decision on reform of the economic structure, the outline of building a socialist economic system with Chinese characteristics has become increasingly distinct, and the road to be taken increasingly clear.

Regarding our foreign economic relations, we have begun to change from a closed or semi-closed economy to an open type, actively using international exchange.



We have broken through the fetters of leftist ideology and the idea of a self-sufficient economy, overcome the erroneous understanding that sets self-reliance against opening to the outside world, and achieved remarkable results in utilizing domestic and foreign resources, exploring domestic and foreign markets, and grasping the methods of organizing construction work at home and developing economic relations broad. By properly persisting in the policy of opening to the outside world, we may use others' strong points to make up for our deficiencies, and speed the progress of China's modernization program. This can only enhance our ability for self-reliance instead of hampering it.

These changes of historical importance and the achievements which we have scored in making these changes and which have become the focus of world attention, are indicative that we have found the correct road for building socialism with Chinese characteristics. On the whole, the vast numbers of cadres and masses in our country are understanding more and more clearly and intensely how to continuously advance China's socialist modernization program, based on the conditions of our country and under the guidance of the basic Marxist theory. Party and state principles and policies are becoming increasingly coordinated and improved. Practical experience in all fields is being constantly accumulated and is attaining a higher and higher level. As we recall, when the implementation of the Sixth 5-Year Plan had just commenced, none of us expected that such achievements as we have made today would be possible. Now, people across the country are becoming more and more confident that the objective of quadrupling the gross value of industrial and agricultural production by the end of this century is absolutely attainable, and they are full of confidence and hope in the bright future of the motherland. All this is an enormous spiritual asset, which our people have already gained and which will play its due role for a long time to come. [applause]

While fully affirming our achievements, we must very soberly note that our work still has certain shortcomings and mistakes, and many difficulties and problems still exist in our course of advance, because time is required to understand the capability of our country and to accumulate experience in making profound historical changes. In the past few years, though we have paid attention to the overall balance and proportionate development of the national economy, we have sometimes failed to give enough attention to effectively controlling the excessive growth of total social demand. There have been neither strong measures for, nor effective supervision of, the improvement in economic benefits, and especially product quality, in dealing with the questions of quantity versus quality, or speed versus benefits. When emphasizing boosts to the vitality of enterprises, we have not taken timely measures to step up and improve macroeconomic management. In building the two civilizations, at certain times there have been instances where insufficient attention was given to building spiritual civilization. In particular, after the fourth quarter of 1984, a phenomenon of striving for overly high speed appeared with the improvement in the economic situation. There was a sharp increase in fixed asset investment and in consumption funds, too much currency had been issued, no strict control over imports was exercised, and certain factors causing instability came into being in economic life. In view of this situation, the State Council took a series of measures. Through the work of last year, some problems have been resolved, while others are being resolved. The economic environment is turning from a strained to a relaxed situation. We must make a serious effort to sum up our experience, achieve further success in carrying out reforms and construction work in all fields, advance unswervingly along the road we have opened, and strive to consolidate and develop the current fine situation, marked by prosperity and full of vigor and vitality. [applause]

## II. The Basic Tasks and Main Construction Policies for the Period of the Seventh 5-Year Plan

The period of the Seventh 5-Year Plan is a crucial one when China's economic development strategy and economic structure will be further transformed from an old to a new mode.

We must continue to act in accordance with the general requirement of building socialism with Chinese characteristics, and the basic policy of enlivening the domestic economy and opening to the outside world, display a vigorous, enterprising spirit, and take solid and steady steps to put China's economy on the track of a self-sustained growth, full of vigor and vitality, and marked by high efficiency and great benefits. Based on the actual situation in economic and social development and the objective to be achieved by the end of this century, the basic tasks put forward in the draft Seventh 5-Year Plan are:

- 1) Further efforts should be made to create fine economic and social environments for economic structural reform and to strive to maintain the basic balance of total supply and demand in society, so that reform can be carried out more smoothly. We should see to it that a foundation for a new socialist economic system with Chinese characteristics is basically established in 5 years or over a longer period.
- 2) It is necessary to maintain a steady economic growth; make great efforts to build more key projects while controlling total investment in fixed assets; undertake technological transformation; develop intellectual resources; and prepare necessary material, technological, and personnel reserves for a steady economic and social development in the 1990's.

The aforesaid three tasks [as heard] are closely correlated. The first task is the most important of them. In consideration of the overall demands of these tasks, the draft of the Seventh 5-Year Plan calls for a 38 percent increase in the total value of China's industrial and agricultural output in the 5 years and a 44 percent increase in the gross national product while constantly improving economic efficiency. If calculated according to the 1980 prices, the total value of industrial and agricultural output by 1990 will reach 1,677 billion yuan, or increase by 130 percent as compared with 1980. The gross national product by 1990 will reach 1,117 billion yuan, up 160 percent from 1980. The total investment in the fixed assets of state-owned organizations in the next 5 years will be 896 billion yuan, nearly 70 percent increase over the Sixth 5-Year Plan. The draft plan calls for renovating, expanding, and building a number of key projects and transforming a number of key enterprises in order to substantially improve our energy and raw and processed materials production capability and our transport and communications capability and remarkably raise the level of production and technology of existing enterprises.

According to the draft plan, we should popularize a number of effective scientific and technological results, make a breakthrough in tackling certain new and crucial technological problems, and strive to make approximately 40 percent of our major industrial products attain the level of developed countries of the late 1970's and early 1980's in both characteristics and quality. We should gradually implement the 9-year compulsory education. At the same time, our regular colleges and adult colleges should train nearly 5 million highly specialized personnel in the next 5 years, twice as many as in the Sixth 5-Year Plan. The total volume of our import-export trade should increase 40 percent by 1990, as compared with 1985. We should accordingly use more foreign advanced technologies. The draft plan projects about 27 percent increase for the next 5 years in the actual level of consumption of urban and rural residents, and calls for further improvement in the quality of people's life and their environmental conditions. In the next 5 years, we will continue to maintain a basic balance in state finance, credit, supply, and foreign exchange. The fulfillment of the Seventh 5-Year Plan will enable us to make new, firm, and forceful strides on the road leading to a thriving, rich, and strong country and to prosperity and happiness for the people. [applause]

In the course of formulating the draft in accordance with the policies and principles put forward in the proposal of the CPC Central Committee for the Seventh 5-Year Plan, the State Council has emphatically considered and studied the following questions concerning economic construction.

1. We should project a moderate rate of economic growth and promote a proportionate and efficient development of national economy. Considering the constantly increasing demands of the society and summing up all possible production conditions, the draft of the Seventh 5-Year Plan calls for an average annual increase of 6.7 percent in the total value of industrial and agricultural output, with the total agricultural output value increasing by 4 percent and the total industrial output value increasing by 7.5 percent on an annual average. According to the draft plan, the gross national product should on an average rise 7.5 percent annually. The projected rates are lower than what we have actually attained during the Sixth 5-Year Plan. We project the rates this way mainly because we have considered the changes and demands of internal factors of economic life.

In order to develop agriculture in the days to come, we should continue to bring into play the effectiveness of correct rural policies. At the same time, we need to rely more and more on scientific and technological progress, rely on increasing material investment in agriculture, and improve conditions for agricultural production. The improvement of conditions for agricultural production is gradual, and it is impossible for us to make a drastic change in a short time. This fact cannot but affect the agricultural growth rate to a certain extent. As for industry, the excessively fast growth in the last 2 years of the Sixth 5-Year Plan was primarily stimulated by excessive investment and supported by a large quantity of imported raw and processed materials. It is difficult for us to hold out long in that situation.

At the same time, we lack the supply of energy resources and raw materials, and still badly need communications and transport facilities right now. The proper control of the excessively high growth rate in processing industry is conducive to bringing into line the proportion between the energy and raw materials industries on the one hand and the processing industry on the other and between production and transportation and to making the product mix more reasonable. Poor production quality and low economic efficiency are fatal weaknesses of China's economy. An appropriate growth of the total output value in industry and agriculture during the Seventh 5-Year Plan is conducive to diverting the attention of all sectors to improving production quality and raising economic efficiency. Particularly, the overall development of economic structural reform needs an environment in which all economic sectors must not be strained. Events both at home and abroad repeatedly prove that only by expanding economy appropriately will it be possible to avoid extreme tension in economic relations and ensure triumphant developments in carrying out reforms. The economic growth rate laid down by the draft Seventh 5-Year Plan is optimistic but not overambitious. It is possible to exceed this rate of growth in the course of implementing this plan. On the question of the rate of economic growth, we must adopt the scientific attitude of seeking truth from facts. Naturally, we must strive to achieve a sustained and fairly high rate of growth while improving economic efficiency and production quality. However, we must not hold that the higher the rate of growth, the better it will be.

Still less must we blindly pursue high targets and seek even higher rates of growth at each level. However, we must not set the rate of economic growth too low, while ignoring favorable conditions in economic developments and the tremendous potential in social production, because this will adversely affect the effective utilization of the resources in production, fail to bring into full play the enthusiasm of the masses for production, hamper the health growth of economy, and prevent us from meeting social demand. We must have the necessary economic growth in order to enhance our national strength or raise the people's living standards. It is wrong to neglect this point. At the same time, we must also realize that if we unrealistically expect an excessively high rate of growth, it will be difficult to maintain this high level for a long period. Eventually this rate of growth will drop, even if it will stay high for a while. The drastic ups and downs of the growth rates are harmful to economic development. It often takes a considerably longer period to eliminate this kind of harmful effect.



Our past experiences repeatedly tell us that only by tackling problems by considering both the needs and possibilities, by looking ahead and behind, and by maintaining an appropriate rate of growth, will it be possible to develop our economy steadily and obtain the reliable guarantee of continuously raising the people's living standards.

2. To determine the appropriate scale of investment, rationally readjust the investment patterns, and improve economic results in making investments is a crucial issue in the Seventh 5-Year Plan. It directly affects the steady growth of economy and the rational readjustment of the setup of production in the Seventh 5-Year Plan. It will also affect the conditions for future economic development in the 1990's and beyond. Examining the economic growth rate from various aspects and repeatedly balancing the financial and material strengths, the draft Seventh 5-Year Plan sets the total basic investments by state-owned units in the 5-year period at 500 billion yuan, an increase of 49 percent over that in the Sixth 5-Year Plan period, and the total investments for equipment renewal and technical transformation at 276 billion yuan, an increase of 87 percent over the Sixth 5-Year Plan.

In consideration of the excessively sharp increases in fixed asset investments, especially capital construction investments, in the latter part of the Sixth 5-Year Plan, the scale of fixed asset investments for the first 2 years of the Seventh 5-Year Plan should be largely maintained at the 1985 level, and such investments should only be slightly increased for the remaining 3 years of the plan. However, there should be no excessive increases. The scale of investment must be in conformity with the strength of the country, because such conformity is a decisive factor in ensuring economic stability and is an objective law of socialist economic construction. If such a law brings about an excessively large scale of investment, it will certainly create a major, serious disproportion and lead economic development onto a crooked road, thus delaying the progress of modernization. Regarding this question, we have learned profound lessons and should notice that, as a result of a large amount of work, the trend of excessive expansion of investments in the past 2 years has somewhat decreased. However, the work has not basically solved the problem as many localities and units are still blindly increasing the number of projects and activities, creating a potential danger of continued expansion of the scale of investments. If such a development is allowed to continue, the situation created by many years of efforts will probably be disrupted once again, and it will be difficult to continue to smoothly carry out the reform of economic structure which has already started. At the same time, the task of preparing conditions of material foundation for continuous economic development in the 1990's cannot be fulfilled. Therefore, to deal with this problem, we must keep a sober mind, unify our ideological understanding, and adopt resolute and powerful measures from the upper levels to the lower levels to make certain that the scale of investments during the Seventh 5-Year Plan is controlled and maintained at a level allowed by our national strength.

Currently, not only the scale of investment tends to be excessive, the investment structure is also irrational, as manifested mainly in the low proportion of energy, transport, communications, raw materials, and other basic facilities, as well as the investment in basic industry. Other manifestations include high proportion of investments in ordinary processing industry and construction of an intangible and nonproductive nature; as well as the fact that investments for renovation and remodeling activities are insufficient, with a considerable portion of such investments being used for capital construction. Failure to change such an irrational investment structure will result in either uncontrollable general scale of investments, or the lack of sustaining power to develop economy. Excessive expansion of ordinary processing industry and nonproductive construction will certainly increase the pressure on energy, transport, and raw materials. To demand additional investments in these areas will lead to daily-intensifying expansion of the entire scale of investments.

As the same time, while ordinary processing industry develops at a greater rate, construction of basic industry and basic facilities cannot be adequately strengthened because of shortage of funds, and the technological features of backbone enterprises cannot be changed at a relatively greater speed. As a result, there will be a lack of strong foundations and support for the development of the entire national economy and technological progress. Therefore, the crux of whether or not the general scale of investments can be properly controlled and sustaining power for continuing the economic development be increased lies in rational readjustment of investment structure.

During the Seventh 5-Year Plan, the readjustment of the investment structure should follow the following guidelines:

- 1) We should continue to increase investment in the basic facilities and basic industries of energy, transport, telecommunications, and raw and processed materials. We should appropriately increase investment in agriculture, science, and education. We should accordingly curtail investment in ordinary processing industry projects.
- 2) We should properly control the increase of investment in non-productive construction projects, so that same amount of investment will create more production capability and development capability. We should strictly control the construction of luxury buildings, except for the necessary facilities for tourism. A proper proportion of construction should be devoted to housing projects which should be built steadily. The focus of urban construction should be placed on building basic facilities serving production and the people's livelihood. Other urban construction projects may be built only when surplus resources are available. We should definitely not adhere to formalism in our construction.
- 3) We should spend more funds on technological transformation, renovation, and expansion of existing enterprises, and increase the proportion of investment devoted to renovation and transformation in the total investment for fixed assets.
- 4) Investment should be made in the eastern, central, and western regions in a proper ratio with emphasis placed on different projects according to the economic situation and resources of those regions, so that the more developed eastern region can be better linked to the development of the central and western regions.

We should control the size of investment in fixed assets and rationally readjust the investment structure when we make decisions on construction projects. A conspicuous problem at present is that too many projects are being built, they take a long time to complete, and the investment yields poor results. During the Seventh 5-Year Plan, we must change the situation in which people vied for more investment and started too many projects that they could not complete even after a long period of time. We must strengthen our sense of time, loan interest, and capital turnover, and resolutely undertake construction projects in accordance with a reasonable construction schedule. This is a key to shortening the building time and improving investment results. During the Seventh 5-Year Plan, we must ensure the availability of funds, materials, and equipment for any new large-and medium-sized projects before they are started; and materials and funds for the projects should be appropriated annually according to a reasonable building schedule. If funds, materials, and equipment are not available, the projects can only be regarded as reserve projects. We should seriously reexamine the large, medium-sized and small projects under construction, and readjust their precedence. We should work hard for several years to gradually ensure that all projects are built on a reasonable building schedule.

In order to control the size of investment and readjust the investment structure, the most important thing is that we must reform the policy-making and management system for investment in fixed assets.

We should study and formulate scientific and systematic rules and regulations for managing, regulating, and controlling investment, and implement them step by step. We should plan in a unified way the investment in fixed assets for the whole society, ensure an overall balance, and correctly delineate the limits of investment among central authorities, local authorities, and enterprises. We should pay attention to taking economic measures to guide the investment of different concerns in conformity with the macroeconomic objective.

Meanwhile, we must streamline the fundamental administration of investment, and reform the work with regard to making decisions, finding facts, designing, organizing construction, supplying equipment, and so forth, and promote and improve the bidding system in all areas. Only by doing this will we be able to bring a significant change in our country's capital construction as well as noticeably better economic returns from our investment.

3. We must consider making scientific and technological progress and developing intellectual resources as important strategic tasks and do a still better job in promoting scientific and educational work. A conspicuous characteristic of the Seventh 5-Year Plan is its attention to scientific and technological development so that China's economic growth can be charted on that basis. To promote scientific and technological development, we must concentrate our efforts on doing two things well: First, we must make efforts to develop and popularize the type of scientific and technological achievements which will produce economic results quickly, and actively assist our enterprises, including the rural enterprises, to improve their technology. This is an important way to forge closer ties between science and technology and production, and transform science and technology directly into productivity. Secondly, we must genuinely concentrate our financial and material resources and manpower on carrying out scientific and technological research in order to tackle key technical problems arising from economic construction and social development. At the same time, we must strive to achieve better results in the study and development of new, advanced technology, strive to transform our traditional industries with new technology, and continue to intensify applied and fundamental study.

Making efforts to master advanced, modern day technology is of far-reaching significance for our country's future economic and social development. In this respect, a contingent of relatively well-trained personnel has already been formed to tackle key scientific and technological problems. Henceforth, we must expand and improve this contingent by making continued efforts to train more proficient personnel, continue to work hard to catch up with the advanced technological development of the world, and strive to make new headway in electronics communication, biotechnology, astronautic technology, nuclear technology, new materials, and modern automated production technology, so as to create conditions for building our economy on a new technological foundation. We hope, and we believe, that the broad masses of workers, who have already dedicated themselves entirely to building our motherland, will continue to make still greater contributions to the people in the great cause of continuing to scale new heights in science and technology and making science and technology better serve the economy. [applause]

Whether or not the numerous problems confronting our economic construction can be effectively resolved depends on whether or not major breakthroughs can be achieved in scientific and technological areas. Similarly, whether or not our economic development can keep forging ahead also depends on the most profound source of stamina, namely scientific and technological development. We must realize, in particular, that a new technological revolution has been developing rapidly in the world today and that an increasingly large number of countries are focusing their attention on developing science and technology. Under such circumstances, if we fail to adopt correct policies for taking advantage of this opportunity to confront the challenge, the gap between us and developed countries will not be narrowed, but will be further widened instead, and the task of catching up with developed countries economically and technologically will become increasingly more difficult.



Of course, confronting us today are numerous scientific and technological problems, which cannot be resolved by one 5-year plan. As such, we must exert unremitting efforts for a long time. The most important requirement today is that we must uphold the strategic viewpoint of attaching great importance to scientific and technological development so that people in all quarters will have a sense of urgency, realizing that scientific and technological development must be accelerated.

We must set forth a clear-cut requirement, namely that the development of production, construction, distribution, and all other economic work must be firmly aligned with scientific and technological development. Scientific research departments and scientific research organs of institutes of higher education must continue to gear their work to the needs of economic construction. By means of technological transfer for recompense, as well as cooperation in developing new products and new technologies and in carrying out technical transformation, they should develop lateral ties with producers to form a new type of economic association of research and production. This will effectively correct such defects as regional barriers and departmental ownership, change the long-standing situation where research and production are not coordinated, and help promote a coordinated economic, scientific, and technological development.

We must earnestly implement the patent law and protect patent rights for inventions and creations so as to continue encouraging the enthusiasm of scientists, technicians, and workers to invent and create. We must continue to implement the policy of integrating military and civilian production so that more scientific and technological expertise in the defense departments can be more effectively applied to economic developments.

Scientific and technological development as well as the four modernizations as a whole cannot be accomplished without the training of proficient personnel and educational development. According great attention to education is our long-term strategy that must be upheld. We must make conscientious efforts to improve basic education, actively promote the 9-year compulsory education, energetically develop vocational and technical education, and continue to consolidate and improve higher education and adult education.

Over the past 5 years, the state has spent 116.6 billion yuan on education. That was an increase of 72 percent over that spent during the Sixth [as heard] 5-Year Plan period, and it exceeded the regular growth of revenue. Local governments at all levels, on the other hand, should earmark more funds for educational development. They must also widely mobilize various material resources and guide enterprises, collectives, and people in all social quarters to sponsor all types of educational services.

While continuing to restructure the educational system to keep up with the needs of the modernization drive, we must pay special attention to improving the quality of education in the course of promoting various types of education. Over the past few years, some secondary professional schools and some higher professional institutes and schools have been upgraded without justifiable cause. Some schools, regardless of their limited resources and capabilities, have enrolled more students than they can accommodate. Some adult students have been attending classes simply for the purpose of obtaining a diploma or a record of their schooling. All these problems must be dealt with earnestly.

All types of schools at all levels must earnestly implement the policy that moral, intellectual, aesthetic, and physical education must be attended to, give top priority to improving the quality of education and training competent personnel, and then appropriately increase the number of their students on this basis.

The administration of educational services must be strengthened, a system of assessing and supervising education must be established gradually, teacher training at various levels must be improved, and the retraining of teachers should be strengthened, so as to gradually build a steady contingent of teachers -- especially a contingent of teachers for secondary and primary schools -- which can basically keep up with our needs in terms of quality, quantity, and composition.

Governments and departments concerned at all levels must earnestly help teachers solve some actual problems concerning their working and living conditions, and should continue to heighten the consciousness of the entire society concerning respect for teachers and education so as to give full scope to teachers' enthusiasm, wisdom, and talents. [applause]

To bring vigorous development in scientific and educational work, we must continue to emancipate our minds and adopt effective measures to expedite the management of science and education in accordance with the CPC Central Committee's two decisions on reforming the management of science and technology and restructuring the educational system, and strive to achieve a decisive victory during the Seventh 5-Year Plan period.

4. We must develop foreign economic relations and trade and technological exchange in greater depth and breadth, with attention centered on raising our foreign exchange-earning capability through the promotion of exports. Our country has achieved great success in implementing the policy of opening to the outside world during the Sixth 5-Year Plan. It should be noted, however, that the steps we have taken in this regard have been quite insufficient as far as the needs and potentials of the economic development of our country are concerned. Also, the past few years have seen some problems with regard to our foreign economic relations and trade and technological exchange. The main problem has been that some localities and departments have violated the relevant state regulations on establishing many separate external contacts on their own [duo tou dui wai], blindly competing with each other, and duplicating their imports. Excessive quantities of some high-grade consumer goods were thus imported. These problems must be solved in a serious manner by earnestly strengthening and improving management. However, in no way should doubts arise regarding our policy of opening to the outside world. During the period of the Seventh 5-Year Plan, we must devote more efforts to expanding the scale of foreign trade, foreign-capital utilization, and technology imports. At the same time, we must actively develop tourism and initiate projects of international air and water transport services, insurance, foreign contract work, and labor cooperation.

Striving to increase exports so as to earn more foreign exchange is the foundation and crucial task for further expanding the scale of foreign economic relations and trade and technological exchange. Ours is a developing socialist country. Shortage of foreign exchange will remain a striking problem in our economic life for a considerably long time. Export trade is a principal source of our country's foreign exchange income. The ability of our country to earn foreign exchange through exports determines the scope and (?success) of our foreign economic relations and trade as well as technological exchange and conditions the scale and progress of our domestic economic construction. It is, therefore, a major strategic issue concerning the future of our work of opening to the outside. When exports are developed, there will be more room for the development of our economy as a whole.

In order to expand the foreign trade of exports so as to earn more foreign exchange, the most fundamental task is to adopt a correct strategy that meets international market demands and is in conformity with the conditions of our country. One task is to persistently give priority to improving the quality of exported products, gradually establishing and improving the marketing system and service network abroad, and trying to see that quality is stable, service is good, and attention is paid to good credit so as to increase our competitive edge in the international market.

The second task is to strive to improve the makeup of our exported commodities and to see that our main exports change from primary products to finished products and from roughly processed products to finely processed products. We should improve the quality of our exported light and textile industrial products and increase the exports of new food products, machines, and electric equipment. The third task is to further improve the location of production areas for exported commodities. In coastal areas and other places where conditions permit, we should establish various kinds of export commodity bases and factories exclusively for making export products, each with its distinctive characteristics, so that a perfect production system for exported commodities will be established step by step. This is a strategic measure of far-reaching importance for improving the economic results of exports and increasing the competitive edge of our exported commodities. Foreign trade departments should coordinate closely with localities and departments concerned so as to make scientific planning and reasonable overall arrangements (at any time). The fourth task is to open international markets. While continuing to consolidate and develop existing markets, it is necessary to further orient our work toward various countries and regions in the world in order to diversify our export markets. At present, for many products of our country, the profits from exports are less than the profits from domestic sales. This has seriously affected the enthusiasm of export enterprises for promoting production. It is imperative to take truly effective policies and measures to encourage and support in various ways the enterprises making products for export and see to it that those enterprises earning amounts of foreign exchange through the export of their products, and their staff members and workers, receive the real benefits that they deserve.

To sum up, all departments and localities should place increasing their ability to earn foreign exchange through the promotion of exports high on their agendas. They should make all-out efforts to grasp this task firmly and successfully so as to achieve remarkable results. Similarly, all enterprises making products for export should take it as their primary duty and responsibility to expand exports so as to earn more foreign exchange. They should gear their work to the international market and strive to start production of more competitive export products. In particular, the special economic zones and coastal cities and areas open to the outside world should play an even greater role in promoting exports and earning foreign exchange. The special economic zones should advance toward the goal of establishing an externally oriented economy.

Seriously summing up the experience over the past few years and earnestly improving import work is of vital importance to the persistent implementation of the policy of opening to the outside world. We must make rational adjustments in the composition of imported commodities on the principle of bringing about technological advance in our country, raising our foreign exchange-earning ability through the promotion of exports, and using foreign exchange economically. We must persistently emphasize the import of software, advanced technology, and key equipment and strictly control the ordinary processing equipment and consumer durables.

With regard to those products that can be produced domestically under present conditions, we should make positive efforts to develop them and rely basically on domestic production. Imports of production lines for processing and assembly work using foreign-supplied bulk parts, spare parts, and accessories should be subjected to strict scrutiny with a view to restricting their imports and averting duplicate imports. We should make positive efforts to develop substitutes for imported products and strive to raise the level of domestic production. It is imperative to resolutely correct all acts that waste the foreign exchange of our country.

On the basis of increasing foreign exchange income through exports and raising our ability to make payments and to absorb foreign capital, we should, in various ways, appropriately expand the scale of utilization of foreign capital.



In using foreign capital, emphasis should be on such construction projects as energy industry, transportation, telecommunications, supply of raw and semifinished materials, and especially electric power, harbors, and petroleum industry, on technological transformation projects of machine-building, electronics, and other industries, and on developing products for export and making substitutes for imported goods so as to increase our foreign exchange income or economize in the use of foreign exchange.

We should earnestly implement the policies, laws, and regulations related to the use of foreign capital, correctly adhere to the orientation for use of foreign capital, and go all out to improve economic results in this regard.

During the past several years we have carried out a number of initial reform measures in our foreign trade structure and have made some achievements. However, we are still unable to meet the requirements for expanding foreign trade and technological exchange. In the future, we must first pay attention to strengthening and improving macroeconomic control and management and using foreign exchange rates, customs duties, taxes, and other economic measures to promote exports. At the same time, we should reasonably regulate imports and exports by strengthening control over the issuance of import and exports by strengthening control over the issuance of import and export permits, the quota system, and other administrative measures. We should gradually improve centralized management and further whip up the enthusiasm of various localities and departments for increasing exports. We should expand the decision-making powers of export-oriented and foreign trade enterprises and promote direct associations between the principle of integrating production with marketing, integrating industry with foreign trade, and integrating technology with foreign trade in order to promote the further development of our country's foreign trade.

5. We should appropriately determine the scale of raising the people's living standards in accordance with the principle of giving consideration to both production and consumption. During the period of the Seventh 5-Year Plan, we should continue to increase the income of people in urban and rural areas and further improve the people's material and cultural life as we further develop production and increase economic results. We should strive to achieve the goal of raising our citizens' living standards to a prosperous level by the end of this century and develop production in the next 5 years.

The draft plan calls for raising the net income of peasants throughout the country by an average 7 percent each year, and the actual average wage of staff and workers by an average of about 4 percent each year. The total number of employed people will increase, and the growth rate of the average annual income of urban residents will be higher. Along with the development of the national economy and the increase of people's income, the consumption level of people in urban and rural areas will also further increase. The quality of consumption will further improve accompanied by a greater variety. The scale of increase in consumption level as proposed by the draft plan is basically in line with the scale of increase in the people's average income during the same period.

We must adhere to correct principles and policies, and promote production and the improvement of living conditions in a coordinated manner. For a considerable time in the past we unduly emphasized production and construction work and overlooked people's living conditions. Practice has proven that this not only impedes the improvement of people's living standards but also seriously hampers production and construction work. Since the convocation of the 3d Plenary Session of the 11th CPC Central Committee, we have firmly corrected this tendency. In the future, we must continue to pay attention to avoiding this unhealthy tendency. China is a socialist country, so we must always attach great importance to improving the people's material and cultural life. At the same time, we must make sure that the improvement of the people's living conditions is based on actual conditions in our country and must do what we can on the basis of the development of production.

Our country has a population of 1 billion people and each year millions of people in cities and towns seek employment. For quite some time to come, the production index and labor productivity will remain at a relatively low level. Our country is at present in a period of building socialist modernization and all construction projects require the accumulation of funds. At this stage of economic growth, should we increase our consumption too fast, we could not avoid reducing the accumulation of funds, raising production costs, lowering the competitiveness of our products, and slowing down the pace of economic development.

Therefore, in raising the people's living standards, we should only rely on our efforts to develop production and not divert funds needed for construction purposes. The consumption growth rate must not exceed the growth rate of production and the rate of increase of staff and workers wages must not exceed the rate of increase of labor productivity. We must continue to carry forward the fine tradition of building our country through thrift and hard work.

As far as the question of distribution in society is concerned, we must continue to implement the policy of permitting a number of people to become rich sooner than others and pay attention to overcoming egalitarianism. At the same time, we should prevent excessive and unreasonable gaps in income among various enterprises and among people in society in order to ensure stability and unity in society and give better expression to the principle of to each according to his work. We must resolutely stop the current practices of competing with each other in wages and benefits and of issuing unwarranted allowances in cash or in kind. We must also strictly control consumption funds and prevent them from rising too fast.

While setting an appropriate speed in the growth of consumption, we should also adopt a correct consumption policy. We should guide the people's consumption in a planned manner and make changes in consumption patterns in line with the character of our society, the conditions of our country's resources, and our national characteristics. Our country has a large population but a relatively weak foundation. For quite a long time to come, improvement of people's living conditions cannot be very rapid. We can increase the consumption of meat, poultry, eggs, and other animal food products only gradually. On the question of clothing, we should advocate the use of cotton, chemical fiber, and blend fabrics. We should increase the consumption of pure wool and leather products only if we can do so in an appropriate manner.

Because shortage of electric power supply will continue to last for a long time, we can increase consumption of household electric appliances only in a limited manner and must pay particular attention to controlling the production and import of air conditioners, coolers, and heaters, which consume a great deal of electricity.

Of course, we should continue to constantly improve people's housing conditions. However, we must not set standards too high in terms of space and construction quality. In short, the state must use economic policies, economic levers, and necessary administrative measures to guide the people's consumption in a reasonable manner.

Deputies, in addition to the above-mentioned five points, the draft Seventh 5-Year Plan has, on the basis of serious study, also made appropriate arrangements for regional economic planning, especially for assistance in the development of regions inhabited by people of minority nationalities and economic backward regions, and for cultural and public health work, sports work, population control, social security, and environmental protection. In the next 5 years, we must continue to follow the policy of coordinated development in economic construction and various social activities and make effective plans for those areas. [applause]

## III. Reform of the Economic Structure in the Seventh 5-Year Plan

We must correctly implement the various policies for construction and successfully fulfill the various construction tasks in the Seventh 5-Year Plan period. The key lies in continuing the deep-going and meticulous economic structural reform, further promoting economic cooperation among various units, and fully arousing the initiative and creativity of all enterprises and working people. The significance of reforms not limited to the present. More important, it will have a bearing on economic development and prosperity in the 1990's and the complete realization of our country's grand goals within this century. It will also play a decisive role in and have an impact on efforts in approaching and catching up with the economic and technological levels of the developed countries of the world in the first half of the next century.

The various localities, departments, and enterprises must persist in giving priority to reform, promoting reform and construction in a coordinated and complementary manner, and working hard to lay a basic foundation for a lively socialist economy with Chinese characteristics in the next 5 years or so.

The major contents of the economic structural reform during the Seventh 5-Year Plan can be summarized into the following three points:

First, enterprises, especially large and medium-sized state enterprises, should be further invigorated so that they can become relatively independent economic entities, as well as producers and dealers of socialist commodities, with self-management and responsibility for their own profits or losses. In giving enterprises greater decision-making powers in production and management with the aim of imparting on them abilities of accumulation, transformation, and development and of improving and building the capability of self-control and self-restraint, it is necessary to continue to develop various forms of ownership and management while maintaining public ownership as the main aspect, and to continue to adopt, both externally and internally, practical and effective measures, including appropriate reduction of the scale of mandatory plans, exemption from regulatory taxes, raising of depreciation rates, improvement of the plant director's responsibility system, introduction of various economic responsibility systems, and reform of the wage and bonus system and the labor system of enterprises. Except for a handful of enterprises, the majority should be able to assume responsibility for their own profits or losses. Enterprises that have shown poor management over a protracted period should be reorganized or ordered to shut down, suspend operations, merge with others, or switch to the manufacture of other products in accordance with the principle of survival of the fittest. In order to rationalize the structure of enterprises, special efforts should be made to vigorously encourage lateral economic ties among enterprises on a voluntary and mutually beneficial basis, and to gradually set up diverse forms of association of enterprises at various levels. While continuing to promote reform in all fields, it is necessary to facilitate the rational development of resources, utilization of funds and technology, and disposition productive forces through developing lateral cooperation. It is necessary to surmount obstacles to lateral cooperation by reasonably stipulating the rights and interests of all parties in this cooperation in order to ensure the wholesome development of various associations of enterprises with the support of policies and laws.

Second, the socialist commodity economy should be further developed, and the market system should be gradually improved. It is necessary to continue to reduce the variety and amount of products under state allocation, improve the contract system in purchasing farm and subsidiary products, actively develop commodity circulation covering various regions and departments, gradually set up diverse forms of commerce combining agricultural, industrial, and commercial undertakings, agricultural and commercial undertakings, industrial and commercial undertakings, and diverse trades in commerce, and continuously expand the consumer goods and production means market.



At the same time, it is necessary to systematically develop and establish the funds and technology market and facilitate the rational flow of labor forces. The key to establishing and improving the socialist market system lies in further reforming the pricing system and price management system. The focus of pricing reform during the Seventh 5-Year Plan should be resolving, in a planned and systematic manner, the problem of excessively low prices of production means for energy and raw and semifinished materials so that the disparity between the planned price and market price can be gradually reduced. While readjusting wages, it is also necessary to study and set reasonable rents and market prices for housing in order to facilitate the commercialization of residential housing. In order to encourage service trade undertakings, prices of labor services should be reasonably readjusted. With reform, except for the prices of a very few important products and labor services, which must be set by the state, the prices of most products and labor services should be determined by state guidance or by market regulation, thus bringing into better play the regulating role of prices as levers. In the course of pricing reform, it is necessary to continue to adhere to the principles of making steady progress and combining relaxed control with readjustment, to fully consider the capabilities of the state, enterprises, and people to withstand strains, and to make commodity prices generally remain stable.

Third, in establishing a new socialist macroeconomic management system, state supervision over enterprises should be gradually changed from mainly direct to indirect control. During the Seventh 5-Year Plan, it will be necessary to improve various economic and legal means, supplemented by necessary administrative methods, to control and regulate economic activity. State planning should be the primary basis for exercising macroeconomic guidance and control to ensure a healthy development of the state economy. It is necessary to further reform the planning system by appropriately reducing the ratio of mandatory planning, increasing the scope of planning under state guidance and market regulation, and gradually shifting the focus of planning work in the direction of exercising overall management and regulation of the macroeconomy, using mainly economic policies and levers, including pricing, taxation, credit, interest rates, exchange rates, and wages. It is necessary to strengthen the major functions of banks in macroeconomic management, gradually establish a powerful, effective, and flexible system for controlling and regulating banks through reforming the banking system, and bring into full play the role of banks in collecting and circulating funds, guiding the movement of those funds, raising their efficiency, and regulating social needs. It is necessary to further improve the financial and taxation system, clearly define the source of financial revenues and the scope of financial expenditures for central and local governments, according to tax categories, and gradually carry out macroeconomic control at different levels, thereby raising the enthusiasm and sense of responsibility of local governments, especially those of medium-sized cities and above, for exercising effective macroeconomic management.

While carrying out the above reforms, it is necessary to pay close attention to strengthening the system of providing economic information and consulting for making policy decisions, set up and improve various economic regulations and legislation, and replenish and strengthen economic supervisory organs at all levels, in order to ensure healthy economic activities. These three aspects of reform are interrelated organic bodies, inseparable from one another. The first aspect is aimed at granting enterprises necessary decision-making powers and enabling them to use such powers correctly; the second is aimed at making enterprises effectively use an external economic environment with both vitality and pressure; and the third is aimed at helping microeconomic activities of enterprises better meet macroeconomic needs. Reforms in these three aspects should be carried out in a coordinated manner, and should supplement one another. None should be overemphasized or neglected. By conscientiously carrying out reform and gradually establishing a complete mechanism, which organically and properly combines planning with marketing, relaxation of microeconomic activities with control of macroeconomic activities, and centralization with decentralization, we shall be able to more effectively ensure unity of the interests of the state, the collective, and the individual, as well as in the economic growth rate and economic efficiency, and further promote the advances of social forces of production.

in view of the arduous and complex tasks of the comprehensive economic structural reform and the inevitable restriction of that reform by social and economic conditions and the qualifications of cadres, it is impossible to complete the reform in all three aspects during the Seventh 5-Year Plan. What we must do is establish a rough skeleton of the new economic structure and ensure that economic operations enter the orbit of the new system during this period. This requirement is realistic. Through practice over the last few years, we have set a correct goal, principles and policies for reform, and accumulated some experience in that reform. As long as we continue to integrate the pioneering and enterprising spirit with the scientific attitude of seeking truth from facts in doing a solid job, this requirement can materialize through our conscientious efforts.

In order to fulfill the task of reforming the economic structure in the new period, we must have a clearer understanding of some questions singled out here.

1. We must fully understand that reform of the economic structure must be in accord with the needs of the modern socialist commodity economy. The full development of a commodity economy is an indispensable stage in the economic growth of society. In the historical period of socialism, particularly in a socialist country with an under-developed economy such as China, it is necessary to vigorously develop the commodity economy in order to realize a highly advanced socialized and commercialized production, speed development of social productive forces and constantly improve the quality of our material and cultural life. This is an objective law, independent of man's will. It makes it mandatory to reform our original, rigid economic system which laid too much stress on centralized control. It also requires that the fundamental orientation of reform must be in line with the need to develop the commodity economy.

Of course, on the whole, the commodity economy we want to develop is a socialist commodity economy. This kind of commodity economy is based on public ownership and is guided by the principle of each according to his work. It is a planned and controlled economy. The decision on reform of the economic structure, adopted at the 3d Plenary Session of the 12th CPC Central Committee, clearly stated that socialist economy is a planned commodity economy, based on public ownership. This scientific thesis is reached on the basis of the experience in the practice of socialism in China and in the world, and represents a development of the Marxist theory of socialist economy. It raises the people's comprehension of scientific socialism to a new level. This is of far-reaching historical significance to China's drive for socialist modernization.

We must, in the theoretical field, deepen study of the inherent law of the operation of the socialist commodity economy. In practice, we should actively explore various ways to develop the socialist commodity economy and resolutely change all concepts, regulations, and rules running counter to our development of the socialist commodity economy. Currently, our study of economic theories lags behind our practice of reform and construction, and we are still not good at making a new generalization of our ample practical experience. We must continue to persist in the principle of combining theory with practice, and encourage, both in theory and practice, efforts to boldly explore and display the spirit of pioneering. At the same time, we must also, by discarding the dross and selecting the essence, seriously learn and draw lessons from all advanced experiences in operations and management accumulated by other countries in the world, including developed capitalist countries, experiences reflecting the law of large-scale socialized production to promote the development of China's socialist commodity economy.

In short, as long as we are always clear about this basic understanding throughout the entire course of reform, we shall be able to adhere to the correct orientation for reform and, after arduous practice and exploration, truly establish a socialist economic system with Chinese characteristics, both distinguished from our past rigid or semi-rigid forms and essentially different from capitalism.



2. We must fully understand that the change from an old to a new system is a difficult and complicated process. As far as reform in China is concerned, both the death of the old system and the shaping of the new can only be a gradual process. Reform is inevitably a process of systematic progress, in which two different systems coexist and mutually influence each other. The new system will play an increasingly greater role in the operations of the economy, but it cannot replace the old system immediately and completely, and a considerable portion of the old system will have to continue to exist and operate for a certain period. That is why various problems will inevitably crop up in the course of reform, and various contradictions and complications will present themselves. Because the new system needs time to mature, while at the same time the old system is losing its effectiveness in many areas, macroeconomic control will become more difficult. It will also be difficult for macroeconomic regulation to become completely and instantly rational.

Managerial vacuums or loopholes of one kind or another will inevitably occur. Some lawless elements will take advantage of this situation to conduct speculation, graft and embezzlement, bribery, swindling, smuggling, and other criminal activities. Because the reform being carried out will inevitably (?affect) and readjust the existing relations of economic interests, while at the same time new relations of interest cannot be expected to become rational and conform all at once, there will necessarily be conflicts and contradictions between various interests and an unbalanced share of opportunities. Some units and individuals will likely take advantage of such circumstances to seek improper profits for small groups or individuals, at the risk of arousing resentment. Because reform cannot show progress without efforts at exploration, and experience can be accumulated only one step at a time through practice, it is hard to completely avoid making mistakes. Reform is fundamental change, widespread, deep-going, and protracted. It will have an unprecedented impact on existing forms, traditional concepts, and force of habit. In practicing reform, we inevitably undergo a process of gradually adapting to it. It is a very natural, historical phenomenon for different concepts and even opinions to be expressed about the problems cropping up in the course of reform.

These circumstances make it objectively necessary for our leaders at all levels, cadres, and the masses of the people to have a full understanding of the difficulty and complexity of the change from the old to the new system. We must be fully ideologically prepared for the emergence of one problem or another in the course of reform. We must never panic over a slight problem, much less abandon reform on account of that problem. On the other hand, when we are actually carrying out the various reforms, we must see to it that there is careful guidance, careful planning, all-out effort, and conscientious practice. We must improve our ability to predict what is going to happen, in order to cut down losses as much as possible and make timely efforts to discover and solve problems found in the course of our work. We should practice, sum up experience, and strive for progress simultaneously.

We should fully understand one fact: Although some problems are unavoidable in the course of reform, it is completed reform and ongoing reform that invigorate our economy, liberate our productive forces, improve the people's living standards, and bring an unprecedentedly prosperous situation in China's modernization. This is the essential aspect and main trend, as well as a fundamental indication that reform conforms to the historical trends and has great vitality. Reform represents the fundamental interests of all people in China. Therefore, we have all the reasons to believe that by persistently carrying out reform, we will surely be able to solve problems emerging in the course of shifting from the old structure to the new structure, and that problems concerning reform can be solved only in the course of constantly furthering and improving reform. [applause]

In the course of reform, we should fully understand the necessity of considering both immediate and long-term interests, and both partial and overall interests. Whether our reform can proceed smoothly is determined to a great extent by whether or nor we can properly readjust the relationship between various interests.



Successful solution of this problem will reduce resistance and bring the initiative of all quarters into full play. Otherwise, results will be the opposite. The purpose of our reform of the economic structure is to remove any obstacles to the development of our productive forces, to make our country prosperous, rich, and powerful, and to make the people well-to-do and happy. With the development of production in the course of reform, we should and can bring tangible material benefits to the broad masses. This has been fully proven by our practice in the last few years.

However, we should not expect that reform can immediately bring marked economic benefits to everyone in society; that would be impossible. Many reform measures must be practiced for a certain length of time before they can yield any effect. Some reform measures even require some localities, departments, enterprises, and masses to temporarily sacrifice some of their economic interests, but they will play a great role in our country's long-range economic development and in steadily improving the people's living standards. I hope that all our cadres and masses clearly understand this point, and conscientiously consider both immediate and long-term interests and subordinate immediate to long-term interests. Our reform must reasonably define the powers and interests of localities and departments, and in particular it should give enterprises greater powers and interests in order to bring into better play their initiative, thus invigorating their economy. However, only if we resolutely adhere to and implement the state's macroeconomic policy and ensure coordinated development of the national economy as a whole, can localities, departments, and enterprises correctly exercise their powers, fundamentally guarantee the realization of their interests, and avoid lack of judgment in displaying enthusiasm. For this reason, all localities, departments, and enterprises should conscientiously establish a concept of overall interest. They should never pursue private interests at the expense of overall interests. They may seek partial interests if their action helps promote overall interests.

4. We should fully understand the strict demands set on enterprises by the new situation in reform. In the course of reform in the last few years, we have gradually expanded the decision-making powers of enterprises, and initially changed the situation characterized by unified state purchases and marketing, unified receipts and allocations by the state, and sharing food from the same big pot. We have enhanced the vigor of enterprises while increasing their responsibilities.

With the furthering of the reform, enterprises should constantly increase the extent to which they assume sole responsibility for their profit and loss. It is inevitable that their responsibilities will become heavier, because they must not shirk their responsibility for losses while having the power to handle profits. As the new economic structure becomes operational, the survival and development of enterprises, and the improvement in the material interests of their workers and staff will be determined more and more by their managerial ability and by the results of their operations. This is a rigorous test for all enterprises and their leaders. In the past, we did not sufficiently stress this point. As a result, some people labored under the misconception that reform is just giving enterprises greater power and letting them retain more profits. Under the new situation of overall reform, all enterprises should strengthen their sense of quality and efficiency, of meeting the demands of the market and society, and of making more contributions to the country's prosperity and to the people's well-being. They should constantly improve their management, raise their technological level, stress the quality of products, reduce material consumption, improve their service attitude, and enhance economic efficiency. Otherwise, they will lag behind the situation of reform, or even be overwhelmed by the situation. The leaders, managers, workers, and staff members of enterprises must soberly understand this situation.

I hope that all our leading comrades will conscientiously understand and implement the principles and policies of the party and the state, resolutely rely on the party organizations, workers, and staff members, and make persistent and unremitting efforts to improve the quality of enterprises. I hope that the working class in our country will fully play, to a high degree, their role as masters of their own affairs, constantly enhance their ideological consciousness, improve their scientific and general knowledge, actively participate in democratic enterprise management, comprehensively offer rational suggestions and technological innovations, and make greater contributions to promoting socialist modernization. [applause]

5. We should fully understand the importance of the need for government organizations to change their management functions and improve their work style. In order to meet the demand of reducing state management of enterprises from direct to indirect control, government organizations should accordingly change their economic management functions. Government economic departments at all levels should change their past practice of putting their main efforts into setting targets, approving projects, and dividing funds and materials. They should gradually shift their main efforts to making overall plans, knowing policies, organizing and coordinating, providing service, using economic regulatory means, and strengthening their supervision. With the change in management functions, we should strengthen general economic management departments and economic supervisory organs, properly merging and streamlining specialized management. This is an important component of economic structural reform as a whole and an important condition for promoting and consolidating other economic reforms, as well as a major change in the socialist superstructure.

Staff members of government organizations at all levels must fully understand the need for, and historical significance of, the change, conscientiously adapt themselves to it, enhance their ideological understanding, and improve their vocational skills, working methods and work style. They should seriously study basic Marxist theories, economic and other specialized knowledge. They should go down to grass-roots units, immerse themselves among the masses, conduct investigation and study, enhance their ability to make decisions scientifically, and deal with problems. They must resolutely do away with bad bureaucratic habits, stop wrangling and empty talk, take action, and strive to improve working efficiency. Because loopholes are unavoidable during the shift from the old to the new economic structure, government personnel must raise their political awareness even further, abide by the law and discipline, be honest in performing their official duties, be faithful in the discharge of their duties, conscientiously protect the interests of the state and society, and serve the people wholeheartedly. [applause]

6. We should fully understand the role of a more effective legal system in enhancing and ensuring reform. To expedite a healthy development in socialist modernization, we must properly handle two things, namely simultaneously carrying out reform and construction and improving the socialist legal system. As economic reform and the national economy continue to develop, there is the growing need to codify into law the norms governing the ever-expanding economic relations and activities, and make these laws an important means for regulating economic relations and activities. An important aspect of building a new socialist economic system lies primarily in controlling and regulating economic operations by economic and legal means, as well as the necessary administrative measures. One of the important purposes of making the socialist legal system more effective is to expedite reform, ensure sound development, and consolidate achievements. Over the past few years, the National People's Congress and its Standing Committee have drawn up a series of important laws; the State Council has also drawn up a series of essential administrative rules and regulations. In the future, all types of legislative work, especially economic legislation, will be intensified, and every effort should be exerted to set up a relatively sound legal system in the economic sector during the Seventh 5-Year Plan, so that there will be laws to guide all types of economic activity.

A current outstanding problem lies in the fact that it is still quite common for work not to be done according to law. For example, (?it must be emphasized that) any organization or individual must obey whatever laws have been promulgated for implementation, and never should the implementation be affected because of a change leadership or a shift in attention. Governments at all levels and their staff members must consciously accept the supervision of the people, people's congresses at all levels, and their standing committees. At the same time, they must obey and enforce laws without fail. [applause] Reform-related projects are numerous during the Seventh 5-Year Plan. We must continue to carry forward the exploratory spirit and march forward courageously. In practice, we must do our work carefully, thoroughly, and meticulously, and consider its ramifications to ensure sound development of reform.

#### IV. Uphold an Independent and Peaceful Foreign Policy

China's Seventh 5-Year Plan is a program for peaceful development that engages the whole people in working singlemindedly for socialist modernization. To successfully implement this program and accelerate China's modernization drive, we must continue to uphold an independent and peaceful foreign policy, and strive for a prolonged peaceful international environment. The present international situation is turbulent and disturbing. The questions of primary concern to the people of all countries are safeguarding peace and developing the economy. The arms race and regional rivalry between the superpowers are the major threats to world peace and the security of all countries.

The resumption of dialogue and disarmament talks between the United States and the Soviet Union is a welcome development. However, what the people of the world expect of the United States and the Soviet Union are not their rhetoric of peace and disarmament, but practical actions that are truly conducive to peace and disarmament. Both of them should give up their pursuit of military supremacy and cease their aggression and intervention against other countries.

The Chinese people are concerned about the grim situation in the Asian-Pacific region and particularly the hot spots of Cambodia and Afghanistan, which have a direct bearing on China's own security. We have consistently held that foreign forces should withdraw from Cambodia and Afghanistan completely, and that the people in those countries should solve their own problems free from outside interference.

Because of the confrontation and rivalry between the superpowers, the danger of a world war still exists, and we must maintain necessary vigilance against this danger. It is a comfort to note that more countries are determined to hold their destiny in their own hands and reject the superpowers' manipulation. They have actively carried out activities to promote world peace and development. The large number of Third World countries, including China, and the broadly based Nonaligned Movement constitute a major force for safeguarding peace. The European countries, Japan, and other developed countries in Oceania are also in favor of peace and opposed to war. The people of the entire world desire peace ardently. We deeply believe that through the joint efforts of the people and the forces of peace, world peace can be maintained. We are optimists. Although the road ahead is tortuous, the future of the world is full of promise. [applause]

China has scored great diplomatic successes in the past 5 years. We have further consolidated and developed friendship and cooperation with many countries in all parts of the world. China's economic, trade, and technical exchanges and cooperation with all countries have been expanding. Cultural contacts and exchanges in other fields have also constantly increased.



Based on the idea of "one country , two systems," we have, through negotiations with Britain, successfully settled the Hong Kong question, left to us by history, thereby giving a big push toward the grand goal of the motherland's reunification and providing a new experience for settling disputes between countries. We have upheld principles, acted in good faith, matched our words with deeds, and remained open and aboveboard in foreign affairs. This has raised our international status and prestige, and has won us more friends. We can say that China has opened a new situation in foreign affairs, and it now finds itself in the best period since the founding of New China. [applause]

China's progress in foreign affairs is inseparable from the political stability and unity, fruitful reform, as well as the all-round steady economic development at home. It is also inseparable from the well-timed readjustments, reinforcement, and improvement in our foreign policy made in keeping with the objective developments in the international situation.

The main contents and basic principles of the foreign policy we uphold in maintaining independence and keeping the initiative in our own hands consist of the following 10 aspects:

1. Proceeding as it does from the fundamental long-term interests of its own people and the people of the whole world, China takes as the basic objective of its foreign policy to oppose hegemonism, maintain world peace, develop friendly cooperation with other countries, and promote common economic prosperity.
2. China holds that all countries in the world, big or small, rich or poor, strong or weak, should be treated as equals. It is firmly opposed to the big bullying the small, the rich oppressing the poor, and the strong dominating the weak. The affairs of a country should be managed by its own people, and the affairs of the world should be managed by all countries in consultation, and not by one or two superpowers having the final say. China itself will never seek hegemony and it resolutely opposes hegemonism, no matter who practices it and no matter what form it takes.
3. At all times and under all circumstances China will act independently, determining its own attitudes and policies on all world issues on the merits of each case. The criterion by which China judges whether an act is right or wrong is whether it helps to maintain world peace, develop friendly cooperation among nations, and promote world prosperity.
4. China will never attach itself to any superpower, or enter into alliance or strategic relations with either of them. China continues to seek the steady development of Sino-U.S. relations on the basis of strict adherence to the principles established in the joint communiques between China and the United States, and a true improvement in Sino-Soviet relations through the removal of the three obstacles by concrete actions.
5. China stands by the five principles of mutual respect for sovereignty and territorial integrity, mutual nonaggression, noninterference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. On the basis of these five principles, China strives to establish, resume and expand normal relations with all countries in the world, and to live in harmony and engage in friendly cooperation with them. China does not determine its closeness with or estrangement from other countries on the basis of their social systems and ideologies. China firmly opposes any country's using identity or difference of social system and ideology as an excuse to occupy the territory of others and to interfere in their internal affairs. China firmly opposes terrorist activities of all descriptions and believes that this problem can only be solved once for all by eliminating the social and political root causes of terrorism.

6. China belongs to the Third World. A basic principle of its foreign policy is to strengthen its solidarity and cooperation with the Third World. China resolutely opposes imperialism, colonialism, and racism and supports Third World countries in their just struggle to achieve and safeguard national independence. It supports them in their efforts to develop their national economies, improve North-South relations, and further South-South cooperation. China earnestly hopes that Third World countries will strengthen their unity and settle their disputes peacefully through friendly consultations, so as to prevent the interference of outside forces.
7. China opposes the arms race and its extension to outer space. At the time of its first nuclear test, China proposed the complete prohibition and thorough destruction of nuclear weapons and declared that at no time and under no circumstances would China be the first to use such weapons. Today, it is of capital importance that the two super-powers should take the lead by drastically cutting back their nuclear arsenals, thus creating favorable conditions for nuclear disarmament by all nuclear countries. China is also in favor of the complete prohibition and thorough destruction of chemical weapons, and the substantial reduction of conventional arms along with nuclear disarmament.
8. China persists in a long-term policy of opening to the outside world and will continue to expand its economic, trade, and technological contacts and cooperation with other countries on the basis of equality and mutual benefits. China pursues a policy of opening to all countries. It not only opposes capitalist...[correcting himself] it is open to capitalist as well as socialist countries and to developed nations as well as the large number of developing countries.
9. In keeping with purposes and principles set forth in the UN charter, China supports the work undertaken by the United Nations in the spirit of the charter and participates in the activities for world peace and development sponsored by the organization and its specialized agencies. China has joined a wide range of international organizations, actively engages in multilateral diplomacy, and strives to promote international cooperation in all fields.
10. China attaches great importance to contacts among people of different countries. To further mutual understanding and friendship among the people of the world, the Chinese Government encourages mass organizations, nongovernmental associations, and people from all walks of life to have contacts with those of other countries and supports cooperation between them in the economic, cultural, educational, scientific, and technological fields and in matters relating to the press, public health, and sports.

All these are basic principles of China's foreign policy.

China's domestic and foreign policies are an organic identity. Construction is unitary and inseparable from peace. Likewise reform is inseparable from opening the country to the outside, and the maintenance of China's national dignity from the principle that all countries, big or small, should be treated as equals in international affairs.

China is a developing socialist country. It is also a large nation with over one billion people. We fully understand our due international obligations and the responsibilities which we must shoulder. On our two fronts, both at home and abroad, we must keep on working harder than ever to continuously develop China's socialist modernization drive and make even greater contributions to world peace and to promoting the progress of mankind. [applause]

Deputies: The goal of the Seventh 5-Year Plan is a magnificent one. The tasks, although formidable, can be accomplished by hard work. This plan has shown us an encouraging, bright future. When this plan has been accomplished, we can, by and large, bring economic relations in various sectors into better balance, basically bring the economic system onto a new track, significantly increase our country's economic strength and upgrade its scientific and technological level, and make major headway in modernizing the national economy as a whole, and the living standard of the people in the nation's urban and rural areas will be further improved. Then, we shall be able to achieve a quicker prosperity in the 1990's, and our great goals can be achieved more surely by the end of this century. [applause]

This is the first year of the implementation of the Seventh 5-Year Plan. Successful reform and construction in 1986 will be of the utmost significance in achieving a good beginning for the Seventh 5-Year Plan. The basic requirements for this year are: Regarding reforms, we should continue to consolidate, assimilate, replenish and improve the various reform projects started in 1985, conduct thorough investigation and study, and draw up plans, to be fully prepared for carrying out new and important reforms in the next 2 years. Regarding construction, we should continue to control overall social needs, work hard to improve supply, and continue to enliven production and distribution work. We must continue to guard against thoughtless expansion of construction, but maintain the necessary normal speed of construction on the basis of achieving better quality and economic returns, and strive to ensure the needs of key construction projects and renovate our enterprises' technology. We must adopt firm and effective measures to promote exports and conserve our foreign exchange, and make an effort to achieve a basic balance in foreign exchange receipts and expenditures. In light of these requirements, the State Council has drafted the 1986 National Economic and Social Development Plan, which is hereby presented to you deputies for deliberation.

We must emphatically point out here that, throughout the historical stage of socialism, we must intensify socialist spiritual construction as well as socialist material construction. This is our established, long-range strategic principle. In implementing the 1986 plan or in achieving the Seventh 5-Year Plan, we must firmly uphold the principle of carrying out spiritual and material construction at the same time. We must fully understand that economic work is our central task, and that ideological and political work guarantees its normal and healthy development. As our economic work improves and becomes livelier and after our nation has opened to the outside world, our people have broadened their field of vision and become more capable and knowledgeable about new ideas and modern concepts. Inevitably, however, certain negative and unhealthy ideas have also wormed their way into our country. Under the conditions of restructuring the economic system, opening to the outside world and enlivening the economy, ideological work must be conducted in a new way and under a new form so that it can keep up with the needs of the new situation, thus giving fuller play to its role. If we relax or weaken ideological work, our economic work will go astray.

We must fully develop our socialist commodity economy and persist in opening to the outside world; but we must firmly resist the inroads of decadent capitalist ideas and life style, as well as bourgeois liberal thinking. We must continue to give play to the role and acts of putting money above everything else or seeking private gains at the expense of public interests. By commending and publicizing the exemplary deeds of advanced personages and units as well as using other lively means, we should educate the broad masses of cadres and people on patriotism and collectivism, and on the need to uphold the four cardinal principles, to have lofty ideals, ethics, a sense of discipline and education, to foster the lofty communist ideals and to be conscious of public and professional ethics; and we should arouse their enthusiasm in dedicating themselves to building socialism. Government organs at all levels should set an example in intensifying socialist spiritual construction and in combating all unhealthy practices.



The broad masses of personnel of our government organs at all levels work hard to serve the people. They have worked actively and selflessly for reforms and have achieved significant successes. While the mainstream is good, certain serious irregularities have indeed appeared in some localities and units. Some have violated the regulations, taking advantage of their power to engage in trade and other commercial work; some have engaged in smuggling, trade in smuggled goods, and blackmailing; some have made pleasure trips or sent people abroad at public expense; and because of some people's serious bureaucratic attitude and malfeasance, they have incurred great losses in production and construction. We must firmly combat these misdeeds, which have tarnished the prestige of our government organs and corrupted society, naturally evoking complaints and indignation among the masses. Leading authorities must take the initiative in combating unhealthy practices, and the task should begin with leading organs and leading cadres at all levels, especially among the central leading organs and senior cadres. They should set strict requirements for themselves and set examples with practical deeds. Cadres who have made mistakes should be criticized and educated, and those who have neglected their duties must have their responsibilities investigated. Those whose serious dereliction of duty has constituted malfeasance, those who are involved in economic crimes or have committed other crimes, those who have bent the law for their own interests, and those who have harbored felons must be punished according to law. Without exception, their illegal income shall be confiscated.

We must effectively intensify ideological and political work among cadres at all levels and help them understand that, under new historical conditions, resisting and combating unhealthy practices and eradicating corruption is a long-term struggle against decadent bourgeois ideas and residual feudalistic thinking; it is also a new test for each and every cadre. We must encourage the good habit of supporting righteousness and condemn evil, commend and encourage the good cadres who firmly combat unhealthy practices, firmly support those good comrades who dare to uphold principles and enforce law impartially. All acts of dealing blows, retaliation, slander, and framing must be handled seriously. While striving to achieve quick and noticeable successes in combating unhealthy practices, we must firmly strike at serious economic crimes and criminal offenses, intensify overall control of public order, and strive to achieve a fundamental improvement of social conduct as quickly as possible so as to create a better social environment favorable to socialist modernization.

PLA commanders, fighters, public security cadres, and policemen are defenders and builders of our socialist motherland. During the Sixth 5-Year Plan, while valiantly safeguarding the security of the motherland, the PLA kept overall interests in mind and scored tremendous achievements in carrying out reduction-in-strength reorganization; stepping up its revolutionization, modernization, and regularization; and playing an active role in building the socialist material and spiritual civilizations. Vast numbers of public security cadres and policemen made great efforts to safeguard social order and public security. It is hoped that during the Seventh 5-Year Plan, the PLA and the public security cadres and policemen will continue to carry forward their glorious and fine traditions and contribute even more to safeguarding and building the motherland. [applause]

China's Seventh 5-Year Plan embodies the fundamental interests of the people of all nationalities of our country, including compatriots in Hong Kong, Macao, and Taiwan as well as Overseas Chinese. Its smooth implementation will, no doubt, provide a powerful impetus to the sacred cause of rejuvenating China and reunifying the motherland. Taiwan is an inalienable sacred territory of the motherland. During the Seventh 5-Year Plan, we must continue to make joint efforts with our Taiwan compatriots and all descendants of the Yellow Emperor in supporting reunification of the motherland and actively promoting contacts and cooperation in diverse fields between the two sides of the strait. We must strive unremittingly for the peaceful reunification of the motherland according to the concept of one country, two systems. [applause]

People of all nationalities in the country, including workers, peasants, intellectuals, the vast numbers of cadres, PLA commanders and fighters, and public security cadres and policemen, as well as all democratic parties, people's organizations, nonparty democratic personages, and all laborers and patriots who warmly love the socialist motherland: Let us unite more closely under the leadership of the Communist Party of China, carry forward the hard-working pioneering spirit of the foolish old man who removed the mountains, and strive together for the successful fulfillment of the Seventh 5-Year Plan. [prolonged applause]

#### NPC DEPUTIES DISCUSS DRAFT SEVENTH 5-YEAR PLAN

OW271634 Beijing XINHUA in English 1605 GMT 27 Mar 86

[Text] Beijing, March 27 (XINHUA) -- The draft Seventh Five-Year Plan worked out by the State Council is realistic and practical. This seems to be the consensus among deputies to the current session of the National People's Congress (NPC). The nearly 3,000 NPC deputies have been discussing Premier Zhao Ziyang's report on the draft 1986-1990 plan since Wednesday afternoon when the session broke into panels. Many deputies told XINHUA today they found Zhao's assessment of the Sixth Five-Year Plan -- with its achievements and its problems -- an accurate representation of their own experiences in China's cities and countryside.

Zhou Gucheng, vice-chairman of the NPC Standing Committee and a professor at Shanghai's Fudan University, called the new draft plan practical and appropriate because it was developed by people who had learned the lessons of the accomplishments and mistakes in the Sixth Five-Year Plan.

Sun Jiazheng, deputy secretary of the Jiangsu Provincial Communist Party Committee, said that the achievements scored in the past five years have not only laid a solid material groundwork for the new five-year plan, but also have provided rich and invaluable experiences. Most important, he said, is that we have learned we must deepen the economic restructuring even though there might be some undesirable results. Other party leaders have said the greater economic autonomy allowed by the reform program has produced successes far more significant than attendant problems of wealth disparity and anti-social behavior. Sun said Zhao's report to the NPC on the draft plan demonstrates the determination needed to push through the reform.

Deputies also seemed pleased with the projected economic growth rate set by the Seventh Five-Year Plan -- an average 6.7 percent a year.

Han Zheyi, a deputy from Shanghai and vice-chairman of the NPC Financial and Economic Committee, called the projected growth rate simultaneously active and steady. The draft plan, he said, shows we have learned from the excessively rapid growth of early 1985, which gave rise to some destabilizing economic effects -- including imbalances in resource allocation and the inability of the country's facilities to make use of some of the growth.

According to Zhao Jun, vice-chairman of the Tianjin Municipal People's Congress Standing Committee, the draft plan for economic growth will help improve product quality and economic efficiency, and ensure the steady growth of China's economy.

Batubagen, a Mongolian and chairman of the Standing Committee of the Inner Mongolia Autonomous Region's People's Congress, said the plan presents a far-sighted blueprint for economic and social development which will enable people of all nationalities to advance toward common prosperity.

Deputies interviewed said they supported Premier Zhao's conclusion that the key to fulfillment of the draft plan's goals is continued intensive and systematic restructuring of the economy.

That is the only way China's economy can meet the requirements set by the draft plan, said Li Zhen, chairman of the Shandong Provincial People's Congress Standing Committee. And it's a very practical problem. Li said he had toured the country before coming to Beijing for the NPC annual session. People I talked to were for the reforms, he said. But some people need to be helped in their understanding of the matter, he added. For example, some people see the reform only as an opportunity to increase their income. They don't think about how it will release productive forces and expand the economy.

Government officials themselves need to learn more about the reform, said Chen Dingmao, 64, former deputy director of the Beijing motor vehicle plant. Many officials need more political awareness and they need to improve their performance, he said.

Li Qizu, a factory director in Tianjin, said the reform enabled his bicycle factory to release output by 16.5 percent last year over the year before. Sure there are problems cropping up because of the reform, he said. But I think they have to do with the fact that old and new economic systems are operating at the same time and patience is needed for the kinks to be worked out.

NPC Vice-Chairman Rong Yiren said he was critical of those looking out only for themselves, of people who intend to reap fat profits by taking advantage of the weak links of the reform.

Bai Jiefu, an advisor to the Beijing municipal government, said he believed the overwhelming majority of the population supports the reform. They won't allow anyone to take advantage of others for long by trying to increase any ill-gotten wealth. Bai said he was particularly pleased by Premier Zhao's stress on getting rid of bureaucracy and corruption in the government.

#### Plan Highlights, Part Five

OW280211 Beijing XINHUA in English 0159 GMT 28 Mar 86

["Highlights of Seventh Five-Year Plan (5)" -- XINHUA headline]

[Text] Beijing, March 28 (XINHUA) -- Output of China's primary energy (coal, petroleum, natural gas and hydropower) will be equivalent to 991 million tons of standard coal by 1990, according to the draft Seventh Five-Year Plan (1986-1990). This is 160 million tons more than last year's output, and will represent an average annual increase of 3.6 percent. Energy-saving measures will conserve 100 million tons of standard coal during the five-year period.

#### Part Six

OW280222 Beijing XINHUA in English 0208 GMT 28 Mar 86

["Highlights of Seventh Five-Year Plan (6)" -- XINHUA headline]

[Text] Beijing, March 28 (XINHUA) -- China's electricity output will rise 6.2 percent annually over the next five years, to reach 550 billion kwh by 1990, according to the draft Seventh Five-Year Plan (1986-90). This will be 142.7 billion kwh more than in 1985.



Work will begin on thermal power plants and hydroelectric power stations with a total generating capacity of 60 to 65 million kw during the 1986-90 period. Generating units with a total capacity of 30 to 35 million kw are expected to go into operation during the same period. Meanwhile, a 1,090-km D.C. power transmission line will be erected between Gezhouba in Hubei Province and Shanghai, the country's biggest manufacturing center.

## Part Seven

OW280232 Beijing XINHUA in English 0220 GMT 28 Mar 86

["Highlights of Seventh Five-Year Plan (7)" -- XINHUA headline]

[Text] Beijing, March 28 (XINHUA) -- China will produce one billion tons of coal in 1990 -- 150 million more than in 1985 -- according to the draft Seventh Five-Year Plan (1986-90). This means an annual average increase of 3.3 percent over the next five years. During that period, development work will start on new mines which are expected to produce a total of 318 million tons a year: and mines with a total annual production capacity of 167 million tons will go into operation.

## Part Eight

OW280236 Beijing XINHUA in English 0222 GMT 28 Mar 86

["Highlights of Seventh Five-Year Plan (8)" -- XINHUA headline]

[Text] Beijing, March 28 (XINHUA) -- China will pump out 150 million tons (1.05 billion bbl) of crude oil in 1990 -- 25 million tons (175 million bbl) more than in 1985, according to the draft Seventh Five-Year Plan (1986-90). The draft projects an annual average increase of 3.7 percent over the next five years.

Meanwhile, natural gas output is expected to reach 15 billion cubic meters by 1990, 2.14 billion cubic meters more than last year -- an annual average rise of 3.1 percent.

Over the next five years, the development of new oil wells will push up production capacity by 60 million tons (420 million bbl), and newly developed natural gas wells will add three billion cubic meters.

## Part Nine

OW280244 Beijing XINHUA in English 0230 GMT 28 Mar 86

["Highlights of Seventh Five-Year Plan (9)" -- XINHUA headline]

[Text] Beijing, March 28 (XINHUA) -- Here are the 1990 output quotas for major raw material and semi-finished products in the draft of China's Seventh Five-Year Plan (1986-90):

- steel, 55 to 58 million tons, up 17.9 to 24.3 percent from 1985.
- rolled steel, 44 to 46.5 million tons, up 19.6 to 26.4 percent.
- chemical fertilizers, 16.3 million tons, up 22.1 percent
- soda ash, 3.5 million tons, up 75 percent.
- ethylene, 1.2 to 1.4 million tons, up 84.3 to 115 percent.
- timber, 68.18 to 72 million cubic meters, up eight to 14 percent.

According to the draft plan, over the next five years China will increase its steel-making capacity by 15 million tons, iron-smelting, 12 million tons, steel rolling, 14.5 million tons and iron ore mining, 42 million tons. Ethylene production capacity to be added will total 930,000 tons, soda ash, 2.6 million tons and timber, 3.04 million cubic meters.

FACTS, FIGURES OF PREVIOUS 5-YEAR PLANS DETAILED

OW271511 Beijing XINHUA in English 1435 GMT 27 Mar 86

["Facts and Figures: Output of Major Industrial and Agricultural Products" -- XINHUA headline]

[Text] Beijing, March 27 (XINHUA) -- Following are figures of the output of major industrial and agricultural products during each of China's previous five-year plans (the First Five-Year Plan, 1953-1957: the Second, 1958-1962: the Third, 1966-1970: the Fourth, 1971-1975: the Fifth, 1976-1980: and the Sixth, 1981-1985):

## A. Agricultural products:

1. Grain: 1st -- 908,090,000 tons; 2nd -- 821,000,000 tons; 3rd -- 1,091,810,000 tons; 4th -- 1,315,350,000 tons; 5th -- 1,526,490,000 tons; 6th -- 1,853,090, 000 tons.
2. Cotton: 1st -- 6,843,000 tons; 2nd -- 6,291,000 tons; 3rd -- 11,401,000 tons; 4th -- 11,467,000 tons; 5th -- 11,185,000 tons; 6th -- 21,611,000 tons.
3. Pork, beef and mutton: 1st -- 7,385,000 tons; 2nd -- 1,940,000 tons; 3rd -- 11,925,000 tons; 4th -- 7,970,000 tons; 5th -- 46,846,000 tons; 6th -- 73,094,000 tons.

## B. Textiles:

1. Cloth: 1st -- 25.1 billion meters; 2nd -- 25.12 billion meters; 3rd -- 37.66 billion meters; 4th -- 42.96 billion meters; 5th -- 55.64 billion meters; 6th -- 72.5 billion meters.
2. Chemical fibers: 1st -- 200 tons; 2nd -- 38,000 tons; 3rd -- 332,000 tons; 4th -- 703,000 tons; 5th -- 1,397,000 tons; 6th -- 3,270,000 tons.

## C. Household appliances:

1. Television sets: 1st -- 0; 2nd -- 16,000; 3rd -- 24,000; 4th -- 406,000; 5th -- 4,807,000; 6th -- 44,412,000.
2. Recorders: 1st -- 1,000; 2nd -- 83,000; 3rd -- 48,000; 4th -- 104,000; 5th -- 1,046,000; 6th -- 30,468,000.
3. Cameras: 1st -- 100; 2nd -- 389,000; 3rd -- 207,000; 4th -- 476,000; 5th -- 1,261,000; 6th -- 5,353,000.
4. Washing machines: 1st -- 0; 2nd -- 0; 3rd -- 0; 4th -- 0; 5th -- 264,000; 6th -- 22,083,000.
5. Refrigerators: 1st -- 2,000; 2nd -- 12,000; 3rd -- 30,000; 4th -- 55,000; 5th -- 155,000; 6th -- 2,280,000.

## D. Industrial products:

1. Coal: 1st -- 490 million tons; 2nd -- 1,530 million tons; 3rd -- 1,300 million tons; 4th -- 2,110 million tons; 5th -- 2,900 million tons; 6th -- 3,640 million tons.
2. Crude oil: 1st -- 5 million tons; 2nd -- 20 million tons; 3rd -- 97 million tons; 4th -- 280 million tons; 5th -- 497 million tons; 6th -- 540 million tons.

3. Electricity: 1st -- 68.4 billion kwh; 2nd -- 223 billion kwh; 3rd -- 441.4 billion kw; 4th -- 822.2 billion kwh; 5th -- 1,265.7 billion kwh; 6th -- 1,772.7 billion kwh.

4. Steel: 1st -- 16.67 million tons; 2nd -- 55.9 million tons; 3rd -- 65.77 million tons; 4th -- 114.94 million tons; 5th -- 147.58 million tons; 6th -- 202.91 million tons.

5. Rolled steel: 1st -- 12.64 million tons; 2nd -- 36.67 million tons; 3rd -- 45.33 million tons; 4th -- 77.22 million tons; 5th -- 105.2 million tons; 6th -- 156.95 million tons.

6. Cement: 1st -- 26.23 million tons; 2nd -- 49.43 million tons; 3rd -- 91.43 million tons; 4th -- 187.71 million tons; 5th -- 321.35 million tons; 6th -- 551.83 million tons.

7. Motor vehicles: 1st -- 9,700; 2nd -- 71,500; 3rd -- 242,000; 4th -- 580,000; 5th -- 818,000; 6th -- 1,367,000.

#### MONEY ALLOCATED FOR 925 PROJECTS IN 7TH PLAN

OW280750 Beijing XINHUA in English 0740 GMT 28 Mar 86

[Text] Beijing, March 28 (XINHUA) -- China will spend 200 billion yuan on 925 major development projects in 1986-90, according to the draft 1986-90 plan being considered by delegates to the on-going National People's Congress session. The projects, up from the 890 of the Sixth Five-Year Plan (1981-1985), are designed to help ensure steady economic growth in the coming five years and prepare for further advances of the economy in the 1990s, according to the State Planning Commission, which prepared the draft development plan for the NPC. The proposed 200 billion yuan allocation would constitute two-fifths of China's investment in capital construction over the next five years, the commission said.

About 70 percent of the projects -- and the money to fund them -- would involve energy, raw materials, transportation and postal and telecommunication services, key elements of the national economy. Among the projects proposed for the next five years are iron and steel plants, power plants and generating stations, coal mines, cement works, ethylene plants, ports, and railroad electrification projects. Work on 571 of the 925 projects was begun during the last five-year plan period (1981-85), while work on the rest would begin over the next five years. Nearly half of the projects would be completed by 1990, according to the draft plan.

Geographically, the commission said, the majority of the key projects would be located in eastern China, the most economically developed and technologically advanced region of the country.

According to the draft Seventh Five-Year Plan, generating units installed in 1986-90 would have a total capacity of 30,000 to 35,000 megawatts. Coal mines put into operation in the same period would have 167 million tons in production capacity. Planned new oil wells in the period will have a combined pumping capacity of 60 million tons. And 15 million tons of steel-making capacity and 14.5 million tons of rolled steel milling capacity would be added. China undertook a total of 890 large and medium-sized projects in 1986-90 and 496 were completed and put into operation.



FOREIGN TRADE PROSPECTS DEEMED FAVORABLE FOR PLAN

OW271230 Beijing XINHUA in English 1205 GMT 27 Mar 86

["News Analysis: China Faces Major Export Challenge" -- XINHUA headline]

[Text] Beijing, March 27 (XINHUA correspondent Chen Ming) -- China faces a big challenge over the next five years to boost exports in a world where international markets are suffering from sluggish demand, falling prices and keen competition. Plunging oil prices have made matters worse for China's foreign exchange earnings, and while Chinese businesses face a buyer's market overseas, big demand at home has created a seller's market -- attracting potential exporters. However, foreign trade officials here remain confident that measures being introduced to strengthen exports will enable the country to reach its 1990 foreign trade targets.

Premier Zhao Ziyang told the Fourth Session of the Sixth National People's Congress on Tuesday that by 1990, China's foreign trade should be worth 83 billion U.S. dollars -- 40 percent more than last year's figure. The targets for the draft Seventh Five-Year Plan (1986-1990) are for imports to increase to 45 billion dollars by 1990, averaging an annual growth of 6.1 percent, and for exports to rise to 38 billion dollars, averaging an annual growth of eight percent.

Officials in the Ministry of Foreign Economic Relations and Trade said China plans to boost invisible foreign exchange earnings from things such as contracted schemes and labor services for other countries, tourism, transport, telecommunications, banking and insurance. China plans to increase exports to Japan, the United States and West European countries to reduce its trade deficit, according to these officials. Meanwhile, it will continue to resume and develop trade ties with the Soviet Union and Eastern Europe and step up trade with Third World countries in the forms of barter, entrepot trade and multilateral trade.

Chinese officials point out that China has many advantages in developing its foreign trade. It has fundamentally improved its financial and economic situation and ensured a steady growth of agricultural and industrial production. China's exports in the first two months of this year increased by 17.1 percent over the same period last year, and this, in the view of foreign trade officials, is an encouraging sign. Since exports earn more than 80 percent of the country's total foreign exchange revenue, Foreign Trade Ministry officials stress that it is essential to meet the export target set in the draft Seventh Five-Year Plan.

The following measures are being taken in a bid to meet the target:

-- to encourage the production of export commodities by using such economic levers as prices, exchange rates, taxes and credits:

-- to step up the establishment and improvement of export-oriented centers manufacturing machinery and electrical products, textiles and light industrial goods, and farm and sideline produce, and raise the quality and competitiveness of these products:

-- to build and improve a system of sales promotion and service network abroad and promote business exchanges with foreign companies:

-- to further reform the country's foreign trade structure by giving more enterprises the powers to conduct business directly with foreign firms.

PLAN EARMARKS FUNDS TO AID UNDERDEVELOPED AREAS

OW280954 Beijing XINHUA in English 0935 GMT 25 Mar 86

[Text] Beijing, March 28 (XINHUA) -- China will spend 800 million yuan this year to develop its poorest areas, according to the draft of the state budget for 1986. The draft, being considered by the annual session of the National People's Congress here, would target aid to those areas -- primarily in the west -- where people cannot yet feed and clothe themselves without government support. Between 1980 and 1985, the government spent 3.2 billion yuan on its most underdeveloped areas, according to the Ministry of Finance. The state began to earmark funds in the budget for the underdeveloped areas in 1980. The special funds amounted to 500 million yuan each year between 1980 and 1983, and 600 million yuan in 1984 and 1985.

These funds have built highways, reservoirs and other water conservation projects to supply safe drinking water for local people and animals. They have also been used to improve irrigation facilities, plant trees and anchor dunes to restore ecological balance. For the most part scattered throughout western China, the underdeveloped areas include border areas, areas inhabited by ethnic groups and remote mountain areas. Because of their natural and social histories, these areas have been plagued by lack of communications facilities, backward economies and poor living standards since before the founding of New China in 1949.

According to the draft Seventh Five-Year Plan, the government over the next five years would increase its efforts to aid these areas with economic and cultural development programs. Including funds for economic construction in border areas and other subsidies, total assistance this year alone is expected to be three billion yuan.

HONGQI ASSERTS 'NO DECLINE' IN LU XUN'S WORKS

HK270927 Beijing HONGQI in Chinese No 6, 16 Mar 86 p 47

[Article by Chu Shaobai: "Will Theories Lead to a 'Decline' in Creative Work?"]

[Text] Some people say that Lu Xun's essays symbolize the "decline in Lu Xun's artistic creations." This "decline," they say, was caused by his "increasing tendency toward rationalism." In other words, Lu Xun's "artistic temperament (fervor) decreased" and his "philosophical temperament (thought) increased," and this led to a "decline" in his work which is characterized by "being dull and rigid." It is indiscreet of them to make such remarks!

Lu Xun, a great writer, thinker, and revolutionary, erected a monument to the history of modern China's culture and left valuable spiritual wealth for us. Essays are the most important part of Lu Xun's works. Lu Xun's essays embody the fine cultural tradition of the Chinese nation, give expression to the spirit of the new era, and will influence people for several generations. His essays still have a strong artistic appeal and play an important role in educating people. His essays reflect storms in the revolutionary struggle and have blazed a new era in terms of writing style. The profoundness of thought and exquisiteness of art in his essays are without parallel. In the "Preface to 'Collection of Lu Xun's Random Thoughts,'" Qu Qiubai said: "This collection embodies the history of ideological struggle in China since the May 4th Movement. Random thoughts, as a type of writing, will, because of Lu Xun, become a synonym for artistic (Freudian) theory."

Readers of Lu Xun's works understand that, as Lu Xun himself said on many occasions, he believed in the theory of evolution in his early years and that his early works were markedly affected by this theory. Lu Xun's acceptance of the theory of evolution as advanced thought in the ideological field did not lead to a decline in his creative fervor. In his later years, Lu Xun "corrected" his "bias toward the theory of evolution" and began to "seek knowledge from fundamental and practical social sciences." In the practice of the Chinese revolution, he gradually familiarized himself with Marxism and learned how to observe society and life with dialectical materialism. Bursting with youthful vigor, he continued to improve his work. His work (mainly essays) in his remaining years was more profound and convincing, with a higher degree of proficiency that led to an entirely new period. All these are irrefutable facts. How can we ignore them? How can we interpret to Lu Xun's familiarization with Marxism as his "increasing tendency toward rationalism" that brought about a "decline" in creative work? Taking the attitude of respecting objective facts, we might as well say that when a writer deviates from the guidance of correct theories (including progressive ideas in history), the influence of erroneous theories and ideas will certainly lead his works to a decline or even to moral corruption, and he will take the evil road. There have been many such examples, in the past and at present.

The above views seem to uphold creative work, but in reality they are harmful to creative work. These wrong views were refuted by Lu Xun long ago. I am of the opinion that although deprecatory remarks about Lu Xun are not numerous and their influence is not difficult to escape, such deprecation involves the major principled issue of whether Marxist theory should be applied to creative work. For this reason we must treat this problem carefully.

#### INTERVIEW EXAMINES QUESTION OF CREATIVE PURSUITS

HK280903 Beijing RENMIN RIBAO in Chinese 19 Mar 86 p 3

[Article by reporter Bai Sheng: "A Creator's Pursuit -- Interview With Zong Shaolu [1350 4801 6922], an Expert in Missile Guidance"]

[Excerpts] Sitting face to face with me was Zong Shaolu. Although over 50, he is still not very good at talking. I could really get very little from him when I asked him about himself. "Could you say something about your accomplishments in scientific research, please?" I had to ask the question a second time. "I'm working in a research center under the Ministry of Astronautics Industry. I haven't done much work." He was not answering the point of my question!

Since he graduated from the automatic control department of Tsinghu University in 1959 and first came contact with the Ministry of Astronautics Industry, Zong Shaolu has thought very little of his own personal fame and interests, but he has been very vigorous in his work. He has always been willing to remain behind the scenes. Now there is no denying the fact that Zong Shaolu has contributed his creative work to China's successful guided missile nuclear weapon test on 27 October 1966; the launch of the carrier rocket in the Pacific on 18 May 1980, and the launch of the experimental telecommunications satellite on 8 April 1984. The missile guidance plan designed by this senior engineer and his colleagues has been acknowledged as China's own and an advanced one, having made some theoretical breakthroughs.

Zong Shaolu, the missile guidance expert who has made outstanding contributions to China's space undertakings has always concentrated his mind on the vastness of space, but his living quarters are so small. When I visited his home, I found a shabby room, with five people, the young and old of three generations, crowded into it. Zong Shaolu has obtained very little "space." However, he has gained "time." He said, "I can't afford the time to apply for larger living quarters or to get a desk. To get them, you have to find connections, and I am not willing to land myself in distress over trifles."



I asked what forces have supported you to work so hard? He smiled, and said: "Ordinary people do not quite understand what we scientists and technicians are thinking about. China has spent 2 decades doing research in planning the rocket guidance system. At first, we were rather backward in science and technology, and the gaps were wide in the electronic industry, high-precision processing, and electronic computer technology, compared with world advanced levels. But missile guidance requires accuracy in hitting the target, and a satellite must enter orbit accurately and that was really a problem. To solve it, we couldn't possibly follow foreign ways; we had to take our own road. This pressed us to think and to explore, and to overcome a series of unimaginable difficulties -- it is the spirit of being unwilling to lag behind that has spurred us on!"

Over the past 2 decades and more, he has written many high-level research reports, and edited many papers for academic journals. However, he has rarely made public appearances because of his work. On several occasions, I asked about his work accomplishments but he always avoided the topic. In fact, he has rendered many meritorious services to China's space industry.

So I changed the topic: "It's said that between 1980 and 1982, when you went abroad as a visiting scholar researching on a space project, you mentioned your wish to become a CPC member to the party organization, didn't you?"

Zong paused for a while and said: "Yes. However, it was not in 1980, but in 1961 that I first sent in my application for party membership. During the past 2 decades and more, I have sent in a dozen applications. It's to my regret that I have not been up to the standards. But I am not depressed. I am always doing my best, so that I may become one some day."

Thus, I concluded the interview with Zong, and left the research center. On my way back, I was thinking about him and his deeds, and I lost my peace of mind. How to view the pursuit of a creator? How to help a creator realize his pursuit? I was lost in deep meditation.

#### Commentator's Article

HK280905 Beijing RENMIN RIBAO in Chinese 19 Mar 86 p 3

[Commentator's article: "Creating Conditions for Creators"]

[Text] Pursuing accomplishments in one's profession in order to make contributions to the motherland and refraining from the pursuit of personal fame while being willing to dedicate all one has to a cause: these are the fine qualities of China's socialist intellectuals. Today this paper carries a report about Zong Shaolu, a missile guidance expert, who is one of these outstanding intellectuals. In Lu Xun's words, Zong has worked like a cow: it takes in hay, but it yields milk and meat.

He lives in a shabby room, but his heart is flying in space. Observing Zong Shaolu's circumstances we find them really heartbreaking. All three generations of his family are crowded into a very "narrow" space. However, the space industry in which he is engaged is vast and infinite. Here is his explanation of this: Despite the smallness of "space" of our living quarters, "time" is gained. And time is so precious for him. He is not willing to waste his time on obtaining bigger living quarters or a desk, but he will forget about sleep and food for the state's space undertakings, dedicating all his energy.

The most important thing is to understand the intellectuals. When you understand them, you will do your best to create conditions for the cause to which they have dedicated themselves.

Today, many intellectuals feel the pressure of time and the transience of life. To an enterprising person, time means creative work, good results, and contributions. Intellectuals, middle-aged and old in particular, deeply regret the bygone years and are determined to make up for lost time. How they wish they had 48 hours a day and 24 months a year for their work! They really do not have time to think about their personal losses and sorrow. Take Zong Shaolu for example. As he has made such great contributions, it is reasonable for him to "ask for" some reward, or to take a rest, but there is always something pressing and more important for him to do. When a magnificent undertaking and historical mission falls on his shoulders, he has to seize every minute and every second to work hard on it, as always.

Now we are implementing policies for the intellectuals. What is most important is to create better working conditions for their undertakings to the best of our ability, so that their energy and attention will not be diverted nor their time wasted. Those who are engaged in some undertakings are always busy, and the intellectuals are often "aloof from politics and material pursuits." They simply will not ask favors for themselves when the situation does not involve their work. Even with the application for CPC membership, they would rather earn it with their actions than report to you on their ideological activities or by having their suggestions solicited. Leading organs and comrades should not leave things as they stand just because these intellectuals have never complained. Personal style is one thing, and organizational concern is another. They do not mean the same thing. In his speech at the national science conference in 1978, Comrade Deng Xiaoping proposed that necessary working conditions must be created for scientists and technicians and said that he was willing to be their director of support services. These words have played upon the heartstrings of the intellectuals. So look around yourselves, and find out what other difficulties exist for our creative comrades!

#### HONG XUEZHI ON STRENGTHENING PARTY LEADERSHIP

HK271143 Beijing RENMIN RIBAO in Chinese 17 Mar 86 p 4

[Report by Ma Jihong and Qiao Xiuqing: "Hong Xuezhi Calls for Efforts To Turn Party Organizations of PLA General Logistics Department Offices Into Leadership Cores"]

[Text] Since the beginning of last January, Hong Xuezhi, director and concurrently political commissar of the PLA General Logistics Department, has focused his energy on grasping the organizational development in the offices of the department itself, solved problems in one office after another, and conscientiously corrected party style. He has particularly stressed turning the offices of the department into strong and vigorous administrative organizations that operate smoothly and have high efficiency. In light of the problems in various sections and bureaus, Hong Xuezhi has advanced concrete requirements for strengthening office organizations.

Hong Xuezhi has pointed out that some office party organizations do not have sufficiently satisfactory regulations concerning the regular activities of party organizations, that there is no sufficient inner-party democracy, that criticism and self-criticism are not satisfactorily carried out, and that party branches fail to focus on major issues in doing their work. Most of the cadres in our offices are party members, but some of these party members have failed to play the role of vanguard and model; they are still influenced by individualism and liberalism. In order to rectify our party work style, we should deal with the fundamentals and grasp the work to improve the office organizations. The key to this is to satisfactorily grasp party building in office party organizations and thus turn office party organizations into strong leadership cores.

Hong Xuezhi has repeatedly stressed that office party organizations should satisfactorily manage the following things: In promoting cadres, party branches and committees should carry out discussions to make an all-round analysis of cadres' performance in order to implement party principles and appoint to leading posts cadres who are really excellent; our party organizations should promptly learn party members' ideological tendencies and conduct satisfactory and relevant ideological work among them; our party members should consciously report to heads of party groups or members of party branches on their thoughts and correctly carry out criticism and self-criticism; our party branches should organize their members to conscientiously study basic Marxist theory, the party's principles and policies, and modern science and culture; our party organizations should teach party members to strictly observe party discipline, keep party secrets, and resist various kinds of unhealthy practices; attention should be paid to unity among our comrades and departments, and our party organizations should grasp unity and encourage unity. We should not give ground on issues of principle, but should pay attention to mutual understanding and accommodation on non-principle issues; and our party members should be strict with themselves, refrain from sowing discord or listening to or spreading hearsay, and fight against any practice that is detrimental to unity.

JIEFANGJUN BAO ON PLA UNIT'S PARTY RECTIFICATION

OW280526 Beijing Domestic Service in Mandarin 2230 GMT 26 Mar 86

[Review of Beijing and local press reports on 27 March]

[Excerpt] JIEFANGJUN BAO frontpages a report on a proposal by a group army of the Nanjing Military Region that five clear policy demarcation lines be drawn immediately in order to ensure positive, steady, healthy, and intensive progress in rectifying party style. They are: 1) the demarcation line between showing concern about the collective welfare or cadres and the distribution of cash or other things indiscriminately and without authorization; 2) the demarcation line between receiving remuneration as stipulated in the regulations and misusing power for selfish ends; 3) the demarcation line between normal social contacts inside and outside the Army and establishment of connections for the sake of personal gains; 4) the demarcation line between warm hospitality and use of public funds for extravagant feasting; and 5) the demarcation line between legitimate production and other operations on the one hand and making illegal profits on the other.



IDENTIFICATION CARDS ISSUED TO GUANGZHOU RESIDENTS

HK271352 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 20 Mar 86

[Text] Today, Guangzhou City held meetings at (Lingnan) Street, Liwan District, and in (Shijing) District in the suburbs on issuing identification cards to residents.

More than 56,000 people living in the street and district were issued PRC resident identification cards. The State Council's decision on issuing resident identification cards throughout the country was made in the light of China's political and economic development. In September 1985, the 12th session of the 6th NPC Standing Committee adopted the regulations of the PRC on issuing resident identification cards. This has given the cards equal validity with the regulations in the country in terms of law. The identification cards help the residents in their social activities and protect their legitimate rights. In addition, the cards help discover, control, and punish criminals, thereby maintaining social order.

The provincial leading group office for issuing resident identification cards is working on the production of identification cards. It will issue them, by stages and in groups, to all residents who have submitted their applications for the cards.

HENAN CIRCULAR ON EXTRAVAGANT WEDDING CEREMONY

HK270849 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 23 Mar 86

[Text] Today, the Discipline Inspection Commission of the Henan Provincial CPC Committee issued a circular demanding that the whole province, particularly party organizations in rural areas and grass-roots factories and mines, take effective measures to resolutely curb and correct the unhealthy trends of holding extravagant wedding and funeral ceremonies and indulging in feudal superstitious and patriarchal activities. The circular by the provincial Discipline Inspection Commission was issued because (Xiao Lian), party member and former head of the processing division of the Hebi Mining Bureau's Fourth Mine, held an extravagant wedding ceremony for his son.

On 24 and 25 December last year, (Xiao Lian) held a wedding ceremony for his son. Prior to this, he asked people in turn to make a careful plan, on two occasions, and bought four kinds of food with a value of 3,761 yuan, of which 1,080 yuan was for meat which he sent people to get from other places. Contrary to regulations, he also used a large number of cooking utensils and 35 cooks from the miners' canteen. To indulge in ostentation and extravagance during the wedding ceremony, he installed 4 tweeters in his house and used 20 houses in the vicinity to receive guests without authority. He gave a 62 table banquet and at this time, (Xiao's) family received a large number of gifts and 3,110 yuan in cash.

While (Xiao Lian) was holding this extravagant wedding ceremony for his son, an accident had occurred in the Fourth Mine and the aftermath was being dealt with. The family members of deceased miners in the vicinity of (Xiao's) family were very sad, while (Xiao's) family was bustling with noise and excitement.

After this incident occurred, not only did (Xiao Lian) fail to examine his mistake but he also used mean tricks to obstruct investigation. The Hebi Mining Bureau CPC Committee decided to take disciplinary action against (Xiao Lian) by placing him on probation with the party for 1 year, administratively discharge him from his post as head of the division, and transfer him from the processing division.

HENAN TIGHTENS CONTROL OVER NEWSPAPERS

HK270507 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 22 Mar 86

[Text] On 20 March the provincial culture department issued a circular on

The circular pointed out that previously, some newspapers and magazines in the province, under the influence of doing everything for money, ignored their social effect and published some vulgar articles. The masses had many complaints about this. In accordance with the spirit of the central leadership on straightening out newspapers and magazines in the province and cancelled some unhealthy and unnecessary ones.

The circular stressed that to strengthen control over newspapers and magazines and to bring into play the active role of newspapers and magazines in building the socialist spiritual civilization, the provincial authorities will issue new registration permits to all newspapers and magazines still in circulation. The old registration permits will become null and void at the end of April.

#### HUBEI ADOPTS REGULATIONS ON RURAL HOUSEHOLDS

HK271105 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 19 Mar 86

[Text] The provincial People's Congress Standing Committee promulgated an announcement today about the implementation of the interim provisions adopted by the 20th session of the provincial People's Congress Standing Committee on the province's work of providing for rural households enjoying the five guarantees. The provisions are formulated in connection with the spirit of state laws and other regulations, as well as in light of the actual conditions in the province. There are 13 clauses in the provisions.

Among the clauses, the third one specifically explains the description and limits of households which are entitled to enjoy the five guarantees. It points out that the households should be those aged people, handicapped people or orphans under legal age living in the rural areas who have no work capability, have no one to depend on or have no source of income. The five guarantees refer to their food, clothing, housing, medical care, and burial expenses, which will be taken care of. Moreover, the orphans should receive allowances for their education.

The fourth and fifth clauses of the provisions clearly point out that no matter what kind of production responsibility system is adopted, all rural areas must provide the above guarantees to those who are entitled to enjoy them.

The standard of provisions offered to the households should not be lower than the average level of the local living standards. In addition, they should be improved in light of the economic development of the rural areas and the improvement of peasants' living standard. \*

The interim provisions stressed in the 9th and 12th clauses: We should really protect the private properties and other legitimate rights of the households. No unit or individual is allowed to infringe upon their rights or properties in any form or under any pretext. Anyone who discriminates against, deliberately makes things difficult for, or maltreats the households, or who infringes upon the rights of the households, should be criticized and educated, fined, handled by administrative measures, or held legally accountable according to the seriousness of the case.

Today's issue of HUBEI RIBAO carries the full text of the interim provisions on its second page.

#### HUNAN CPC COMMITTEE CIRCULAR ON SELECTION OF CADRES

HK280419 Changsha Hunan Provincial Service in Mandarin 2300 GMT 24 Mar 86

[Text] On 18 March the provincial CPC Committee issued a circular on implementing the circular issued by the CPC Central Committee on selecting and appointing cadres in strict accordance with the party's principles.

It urged party committees at all levels to earnestly study the spirit of the central circular, to seriously examine selection and employment of cadres, and to correct and prevent malpractices in selecting and employing cadres.

The circular of the provincial CPC Committee pointed out that party committees at all levels must conduct a serious examination on how their areas, departments and units have selected and employed cadres in recent years. They must fully affirm achievements on the one hand and notice existing problems on the other. Leading cadres must take the lead in examining their own malpractices in selecting and employing cadres, such as using social connections, using backstairs influence, sending gifts to others, or seeking private interest. Organizational and personnel departments must seriously examine and check cadres who were promoted and employed in violation of the party's principles and organizational and personnel discipline in recent years. Members of organizational and personnel departments must also examine whether they have upheld principle, fawned on or curried favor with others, abused power, or engaged in malpractices for selfish ends. Establishment departments must thoroughly examine and check all existing problems regarding the size of establishment and number of personnel and, through this examination and check, seriously sum up experiences and draw lessons; find out the main cause for the emergence of various problems; study measures for solving the problems; closely link the examination with the improvement of work; and deal with the problems discovered in the examination in a practical way and according to the different conditions.

The provincial CPC Committee circular also pointed out that in order to effectively correct malpractices in selecting and employing cadres, and to better implement the party's organizational line and cadre policy in the new period, we must uphold the party's basic principle on selecting and employing cadres. We must select cadres who have both ability and political integrity; to appoint people on their merits; to select cadres by adhering to the mass line, and in a fair, upright, and above-the-board way.

To attain this target, the provincial CPC Committee reaffirmed the following disciplinary measures: Leading cadres at all levels are not permitted to place their relatives or friends in violation of policies and regulations or to appoint people by favoritism. After their transfer to other posts, leading cadres are not permitted to interfere in personnel matters in their previous areas or units. Leading cadres who are transferred to other areas or units should not bring their subordinates with them or ask cadres in their original areas or units to work with them in the new areas or units. Selection and employment of leading cadres must be carried out in strict accordance with stipulated procedures and decided collectively by party committees after discussions. It is not permissible to raise extempore motions or to make personnel decisions in selecting and employing leading cadres. It is not permissible to promise posts or other favors, or to promote cadres by naming names. It is necessary to strictly execute security discipline. No individual leaders have the right to approve of the establishment of new organs, to upgrade the level of an organ, or to increase the number of leading cadres in an organ. On the issue of transferring cadres, lower levels must submit to higher levels, and individuals must submit to organizations, so as to put an end to the phenomenon that people cannot be moved in or out and cadres themselves refuse to submit to organizational decisions.

In conclusion the circular pointed out that all localities and departments must formulate corresponding regulations in connection with reality.



SICHUAN'S YANG RUDAI AT TOWNSHIP ENTERPRISE MEETING

HK271334 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 19 Mar 86

[Excerpts] The provincial conference on the work of township enterprises, which had lasted 6 days, concluded yesterday [19 March]. Leading comrades of the provincial CPC Committee and provincial government, including Yang Rudai, Jiang Minkuan, Liu Chunfu, and Xie Shijie, spoke at the conference.

In the work report, Xie Shijie, provincial CPC Committee Standing Committee member, fully affirmed the achievements in township enterprises last year. The gross output value of the township enterprises last year was 14.4 billion yuan, 62.4 percent more than in the preceding year. Their gross income was 12.86 billion yuan, recording an increase of 74.7 percent. Their net profits were 820 million yuan, an increase of 54.7 percent. They paid to the state taxes of 600 million yuan, recording an increase of 62 percent.

Comrade Xie Shijie said: This year is the first year of the Seventh 5-Year Plan. All township enterprises throughout the province must sum up last year's experiences, open up a new path, and advance. They must make a breakthrough in development.

In his speech, Governor Jiang Minkuan emphatically pointed out: In 1984, in accordance with the spirit of documents No 1 and 4 of the central authorities and on the basis of investigation and study, the provincial CPC Committee and provincial government formulated documents No 21 and 31. The implementation of these documents has played a very important part in creating a new situation in the township enterprises throughout the province. The provincial CPC Committee and provincial government have now reiterated that all policies which have proved to be constructive and which are beneficial to the development of township collective enterprises must be stable and that the policies which have held back township collective economic development must be readjusted and improved. It is also necessary to supplement some necessary policies and measures and to create conditions to promote the development of the township collective enterprises.

In his speech, Yang Rudai, secretary of the provincial CPC Committee, demanded: All places must seriously implement the spirit of this conference and do this year's work well. It is necessary to sum up experiences, carry forward achievements, overcome difficulties, and advance on the crest of a victory so that the township enterprises in our province can develop in a still greater manner and make more and still greater contributions toward invigorating Sichuan's economy.

At the closing ceremony, Vice Governor Liu Chunfu delivered the summing-up speech: It Is Essential To Unswervingly Grasp the Township Enterprises as an Important Pillar To Invigorate Our Province's Rural Economy.

YANG RUDAI SPEAKS AT COUNTY LEADERS TRAINING COURSE

HK280859 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 23 Mar 86

[Excerpts] The training course of heads of the 35 counties selected for experiments in reform of the economic structure and of 24 large counties with a population of over one million each, concluded in Guanghan County yesterday [23 March]. Yang Rudai, secretary of the provincial CPC Committee, attended the meeting to deliver the graduation summing-up speech.

In his speech, Comrade Yang Rudai pointed out that the focal point of the provincial CPC Committee's rural work this year is to do well in grasping the work of the counties selected for comprehensive experiments in reform of the economic structure, and grasping the economic development of the large counties, particularly the large counties with hilly land.

It is profoundly significant to grasp the large counties with hilly land. When the work of these counties has been done well, it will fundamentally change the economic structure of our province.

Comrade Yang Rudai said emphatically: Ideological work, policies, planning, and ordering by contract must be carried out down to household level. This is both a reform of the method of rural work and of the guiding ideology. This embodies the aim of serving the people and is an objective and practical requirement. Leading comrades in all places must personally go down and set an example for all of us. This then is practical and realistic work.

Regarding how to speed up the economic development of the large counties, Comrade Yang Rudai pointed out:

1. It is essential to strengthen leadership groups, to build up leadership groups which are well versed in economics and management and can open up a new path, and to practically and realistically carry out all aspects of work down to household level.
2. It is necessary to correctly see the way for the economic development of the large counties with hilly land; to vigorously develop the farming, breeding, and processing trades; to develop labor work in other places; and to fully use non arable land to promote continuous, steady, and forward agricultural development.

During study at the training course, counties, including Guanghan, Xindu, and Qionglai, introduced their experiences in persisting in reform and enlivening the economy. Through studying and exchanging experiences, they felt that such a training course solved problems very well. They came to understand that in current economic construction, reform should be placed above everything else.

#### YANG RUDAI AT SICHUAN FAMILY PLANNING CONFERENCE

HK280716 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 26 Mar 86

[Text] The provincial family planning conference on grass-roots work concluded on 26 March in Chengdu. During the 5-day session, the participating comrades listened to reports on the spirit of the national family planning conference of advanced units and people, the conference of family planning directors, and the national family planning conference on exchanging experiences in grass-roots work. Furthermore, in connection with the actual conditions, they discussed on the issue and exchanged experiences.

In the course of meeting, Yang Rudai, secretary of the provincial CPC Committee, listened to reports of various localities on their family planning activities. He also made a speech.

On behalf of the provincial CPC Committee and the provincial government, he gave the comrades working on the family planning front assurances of his highest consideration. He said: To carry out family planning is a major undertaking of the whole party. We must therefore strengthen our leadership. The principal leaders of party committees at all levels must personally handle the work, and launch several movements every year. They should adopt a stable and continuous family planning policy, rather than having everyone minding his own affairs. At present, all localities must continue to implement the present policies.

In conclusion, Comrade Yang Rudai said: Since the population base of the province is quite large and the Seventh 5-Year Plan period is also the time when the province's birth rate will reach its climax, it is hoped that the cadres and masses will make joint efforts to maintain the achievements made and continue to carry out family planning.

Thus, the province will make further contributions.

At the closing session, the provincial government commended and presented gifts to the advanced collectives which had made achievements in the province's 1985 family planning work.

XIZANG'S WU JINGHUA, OTHERS MEET NPC, CPPCC DEPUTIES

HK271316 Lhasa Xizang Regional Service in Mandarin 1130 GMT 19 Mar 86

[Excerpts] On the morning of 18 March in the hall of the regional CPPCC, leading comrades of the regional party, government, Army, and CPPCC Committee cordially met our region's deputies to the Fourth Session of the Sixth NPC and committee members to the fourth meeting of the Sixth CPPCC National Committee and held a forum with them to seek their views on our region's work. The leading comrades of the regional party, government, Army, and CPPCC committee who met the deputies and committee members and held a forum with them were Wu Jinghua, Basang, Dangzin, Gyanincain Norbu, Xuekang Tudengnima, Cao Xu, Tudao Doje, Gong Daxi, Zhang Shaosong, Lhamin Soinam Lhunzhub, Jimzhong Gyaincain Puncog, Gaxoi Qoigyai Nyima, (Huokang Suolang Bianba), and (Tangsai Gongjiebaimu).

Regional CPC Committee Deputy Secretary Dangzin presided over the forum, which was also attended by Lhasa City CPC Committee Secretary Yang Youcai and Mayor Dainba Gyaincain. Pagbalha Geleg Namgya, vice chairman of the CPPCC national committee and vice chairman of the regional People's Congress Standing Committee; Jiangzhong Zhaxiduoji, NPC deputy and vice chairman of the regional People's Congress Standing Commission; Shengqin Luosanggjianzan, CPPCC national committee member and vice chairman of the regional People's Congress Standing Committee; Lhalu Cewang Doje and (Gongbasa Tudeng Jizha), CPPCC national committee members and vice chairmen of the regional CPPCC Committee; and (Haomuzha), NPC deputy, spoke at the forum one after another. Gyibug Puncogcedain, NPC deputy and vice chairman of the regional people's government, also attended the forum.

Wu Jinghua, secretary of the regional CPC Committee, delivered an important speech at the forum. He said: This year, we must be determined to make concerted efforts to solve the problems of the two educational systems in our region: 1) the educational system for Tibetan characters and language, which is regarded as the main work; 2) the educational system for Han characters and language. We must first establish the system of Tibetan language and characters and, at the same time, establish the system of Han language and characters. Comrade Wu Jinghua hoped all deputies to the NPC and committee members of the CPPCC National Committee meeting will unite as one and be modest and prudent. He thanked all fraternal provinces, municipalities, and autonomous regions which had supported the building of Xizang.

The deputies and committee members left Lhasa for the capital -- Beijing -- on the morning of 19 March.

XIZANG MILITARY DISTRICT CORRECTS UNHEALTHY TRENDS

HK280702 Lhasa Xizang Regional Service in Mandarin 1130 GMT 25 Mar 86

[Excerpt] The Xizang Military District CPC Committee recently formulated measures to correct unhealthy trends initially found in itself and its organs and has now scored preliminary achievements.

Last year, the Xizang Military District successively spent 960,000 yuan to buy 11 imported cars, of which 5 were ordinary Blue Bird cars. It was originally decided to allocate two to the office for leaders on active duty and former military district leaders to use.



It has now been decided to allocate them to the military district guesthouse for use in reception and to seal the other three cars for safekeeping. It was originally decided that two ordinary Nissan cars be specially used by the commander and political commissar but it has now been decided to cancel the special cars. Another ordinary Crown car will be used in reception.

The military district CPC Committee came to understand that the importing of a large number of cars to go in for ostentation and extravagance and to display their wealth is an expression of incorrect party style. This time, apart from taking specific measures to correct unhealthy trends, the principal responsible comrades of the military district openly made self-criticisms at the telephone conference on correcting party style and at the enlarged meeting of the CPC Committee.

In September last year, when the Xizang Military District was readjusting its leadership group, the principal leading comrades of the military district accepted entertainment from the general offices of the Headquarters, Political Department, and Logistics Department. The Military District CPC Committee Standing Committee has now made a decision that, in accordance with the principle that whoever has the idea must pay and whoever takes part in the dinner must pay, the secretaries and deputy secretaries of the department CPC committees must each pay back 50 yuan and the other Standing Committee members must each pay back 30 yuan.

On 24 January this year, the military district spent 240 yuan on entertainment to hold a farewell party for a veteran comrade who was about to leave Xizang. Three Standing Committee members took part. In accordance with the principle that the unhealthy trends which have emerged since the meeting of the central organ cadres must be severely dealt with, the commander and political commissar of the military district have each paid back 100 yuan.

Last year, the upper level appropriated special expenses of 612,000 yuan to the Xizang Military District. Due to various facts, such as entertaining beyond the standards the military district overspent by some 49,000 yuan. The military district CPC Committee Standing Committee has decided that, apart from that needed for united front work, no public funds are to be used to give dinners or gifts or to entertain beyond the standards.

In January and February this year, when the military district held a conference on logistics work, it strictly enforced the above-mentioned regulations, and saved some 8,000 yuan.

JILIN HOLDS DISCIPLINE INSPECTION WORK MEETING

SK270401 Changchun Jilin Provincial Service in Mandarin 1030 GMT 26 Mar 86

[Text] After a 6-day session, the provincial work conference on discipline inspection affairs concluded in Changchun on 26 March. The conference stressed that efforts should be made to further mobilize the entire party to straighten out party style along with the task of conducting reforms in economic systems and economic construction in order to score marked achievements in creating a fundamental turn for the better in party style and to strive to achieve such a turn in 1987.

During the conference, Song Jiehan, member of the Central Discipline Inspection Commission, delivered a report relaying the spirit of the seventh plenary session of the Central Discipline Inspection Commission. Wang Xianjin, deputy secretary of the provincial CPC Committee, delivered a speech. (Li Deming), secretary of the provincial Discipline Inspection Commission, delivered a work report entitled: Know Well the Situation and Enhance One's Confidence in Order To Strive To Achieve a Fundamental Turn for the Better in Party Style as Soon as Possible.

The conference held earnest discussions and analysis on the situation prevailing in party style throughout the province and made concrete arrangements in line with the actual situation for straightening out party style this year.

The conference contended that party members and party-member cadres had strengthened their party spirit, upgraded their ideological and political quality, and had scored marked achievements in some fields of the work to straighten out party style over the past few years thanks to the positive effort exerted by the party organizations at all levels and by the broad masses of party members, and particularly thanks to carrying out the party rectification drive and education on ideals, discipline, the situation, and the policies and conducting the activities of rendering services in exercising leadership. Judging from the general situation, our province's party style is continuously achieving a turn for the better, the main trend of it is good, and the healthy force inside the party has held sway over all aspects. Though our province still has many problems in party style, they have only cropped up among a few units and party members. If leading organs and cadres at all levels take the lead in the work, the broad masses of party members will certainly be able to actively set examples in straightening out party style and to dare wage struggles against malpractices, and party style will certainly achieve a turn for the better.

The conference pointed out: A good job should be done in fulfilling the following three tasks in the work to straighten out party style this year:

1. The provincial-level organs should set examples in the work and a good job should be done in concentrating efforts on consolidating work style and discipline among the leading organs at or above the country level.
2. All-out efforts should be made to block the malpractices reflecting the characteristics of every trade and units that have completed their party rectification work should regard the task of blocking the malpractices on their own fronts as an important work to make up for the missed lesson in the party rectification drive. A good job should be done in grasping the work in a down-to-earth manner by integrating the work with the task of consolidating work style.

3. It is imperative to deeply deal strict blows to serious economic crimes, to implement in a down-to-earth manner the responsibility system in dealing with cases among leading personnel, and to do a good job in conducting education on combating corrosive influence.

The conference also put forward concrete measures and demands for the issue of how to enhance discipline inspection work and how to fulfill the task of straightening out party style.

Attending the conference were secretaries from the party committees of various cities, prefectures, autonomous prefecture, counties, and districts; secretaries from their Discipline Inspection Commissions; responsible comrades from the discipline inspection departments of the provincial-level organs and a number of key plants, mines, and higher educational institutions.

#### JILIN HOLDS CONFERENCE ON COMMODITY PRICES

SK280940 Changchun Jilin Provincial Service in Mandarin 1030 GMT 27 Mar 86

[Text] The provincial commodity price conference, which concluded today, defined the most important task of the province's commodity price work as resolutely maintaining a basic stability in commodity prices, adopting coordinated measures for the price reform initiated last year, making good preparations for next year's reform, and upgrading the commodity price work to a new level.

The conference fully affirmed the achievements in reform scored last year, and studied and made arrangements for this year's commodity price work. It pointed out: The principle for this year's commodity price work is to consolidate, digest, supplement and improve the price reform measures that have already been put into effect. Using this principle as guidance, we should fulfill two major tasks: one is to maintain a basic stability in commodity prices, and the other is to make good preparations for next year's reform. To fulfill the first task, we should chiefly stabilize the prices of vegetables and nonstaple foods as well as those of industrial consumer goods and means of agricultural production. On the premise that market prices are basically stable, a small number of exceptionally irrational prices should be adjusted and controlled.

The conference noted: In order to successfully carry out the coordinated measures for the price reform initiated last year and to enable them to facilitate production and circulation, we should strengthen control over the prices of farm products, the prices of the means of production produced in excess of plans, and the prices of commodities sold in village fairs and by self-employed peddlers.

During the conference, leading comrades of the provincial government and the state price bureau delivered speeches.



QINGHAI'S SONG RUIXIANG AT ECONOMIC CONFERENCE

HK270405 Xining Qinghai Provincial Service in Mandarin 2330 GMT 20 Mar 86

[Text] On 20 March, the provincial CPC Committee and people's government held an economic work conference in Xining. The conference will: Convey and act in the spirit of the relevant central meeting and act in the spirit of the fifth enlarged plenum of the sixth provincial CPC Committee; work out plans for this year's economic and rural work, make arrangements for this year's plans; and will study and readjust economic policies, methods and measures.

The conference breaks the traditional practice and combines meetings on planning, economic work and rural work into one. Song Ruixiang deputy secretary of the provincial CPC Committee and governor, made a speech at the opening ceremony.

He said: The combining of three meetings into one is made because work concerning economics is an organic entity. Its parts must be closely related so that we can make plans in a coordinated way. At the same time, it is also held for the sake of reducing the number of meetings held, improving work style, and laying stress on practical results.

He said: Chiefly speaking, the documents which will be proposed at the conference involve the policies, methods and regulations of the economic work. They will be proposed by acting in the spirit of the relevant regulations and instructions of the CPC Central Committee and State Council, and in the light of the province's actual conditions, particularly after summing up our experience over the years. This conference is significant in organizing this year's structural reform and economic work, as well as scoring successes in the first step of the Seventh 5-year Plan.

The conference was attended by provincial party and government leaders, including Yin Kesheng, Liu Feng, Huanjiecaolang, Zhao Haifeng, Ma Wanli, Song Lin and (Lu Baoyin).

BAI JINIAN AT SHAANXI POLITICAL, LEGAL WORK MEETING

HK270243 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 26 Mar 86

[Excerpt] A provincial political and legal work conference concluded on 26 March. The conference stressed that it is necessary to further strengthen the building of democracy and the legal system, crack down hard on serious economic and other crimes, promote a steady turn for the better in social order, and ensure social stability.

Li Senqui, member of the Standing Committee of the provincial CPC Committee and secretary of the Political and Legal Commission of the provincial CPC Committee, conveyed the spirit of the national political and legal work conference and outlined arrangements for this year's political and legal work in the province.

In the past few years, and especially since August 1983, Shaanxi has scored great success in the struggle to crack down on serious economic and other crime. There has been a marked turn for the better in social order, which is now in a relatively good state in the majority of counties and districts. Thirty-three counties and districts are approaching a fundamental turn for the better, and more than 50 have achieved a marked turn for the better. The masses have a much greater feeling of security than before.

The conference held that despite the marked turn for the better in social order in the province, imbalances and instabilities remain. At the same time, some new problems have cropped up in the new situation of economic reform.

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PRC REGIONAL AFFAIRS  
NORTHWEST REGION

There has been an increase in economic and civil disputes. Larceny is also on the rise.

Provincial CPC Committee Secretary Bai Jinian spoke at the conclusion of the conference, giving three views on the building of the political and legal work force. He said: Political and legal cadres and police must love the masses, constantly relieve the people's woes, and serve the people wholeheartedly. They must have the zeal to firmly carry out the party's line, principles, and policies and to boldly punish lawbreakers and criminals. They must act according to law, and strictly grasp the policies.

SHAANXI POST OFFICE TO CHECK ON ANOMALIES

HK270455 Xian Shaanxi Provincial Service in Mandarin 0200 GMT 27 Mar 86

[Text] According to SHAANXI RIBAO, (Zhang Zuoying), director of the provincial Posts and Telecommunications Administration Bureau, recently announced at a telephone conference of staff and workers of the provincial posts and telecommunications system that from now until national day, all posts and telecommunications bureaus will launch a drive to check on 10 things, crack down on 1 thing, and straighten out work style. The 10 things to be checked are: service; quality; discipline; embezzling and misappropriating payment for stamps and pilfering parcels; using telecommunications channels for smuggling and peddling contraband and for engaging in speculation; allowing telegrams to pile up, and delaying or misdirecting them; the shortage of newspapers and publications; deliberately cutting telecommunications links between customers; the practices of leading cadres in abusing their powers; and other unhealthy trends. It is necessary to crack down hard on economic criminals in light of the problem unearthed by this check.

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